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USSR Report

CONSUMER GOODS AND DOMESTIC TRADE



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CONSUMER GOODS PRODUCTION AND DISTRIBUTION

KASSR DEPUTY MINISTER ON TECHNOLOGICAL, PRODUCTION ADVANCES

Alma-Ata PARTIYNAYA ZHIZN KAZAKHSTANA in Russian No 10, Oct 85 pp 20-26

[Article by V. Grebenyuk, first deputy chairman of the Kazakh SSR Council of Ministers, under the rubric "Approaching the 27th CPSU Congress": "Scientific-Technical Progress and Production"]

[Text] The April 1985 Plenum of the Central Committee and the conference at the CPSU Central Committee defined the basic directions for accelerating the country's socioeconomic development on the basis of scientific-technical progress and overcoming difficulties and negatives trends which have arisen in our national economy as quickly as possible. This task has acquired paramount significance today.

As is well known, the meeting of the republic party and economic aktiv where D.A. Kupayev, member of the Politburo of the CPSU Central Committee and first secretary of the Kazakhstan CP, gave a report entitled "Results of the Conference at the CPSU Central Committee on the Issues of Accelerating Scientific-Technical Progress and the Tasks of the Republic Party Organization" took place in July. The measures adopted by the aktiv meeting outlined an extensive program of actions to accelerate scientific-technical progress in the republic's economy.

Specific measures which will enable Kazakhstan's economy to convert to the intensive path of development have been put into effect in all labor collectives of the ministries and departments. We are obligated today to successfully meet the most complex and large-scale challenges, introduce the latest achievements of science and technology into production, and increase the economy's rate of development. I want to emphasize that we do not begin this work from scratch -- quite a great deal has been accomplished in this direction already. In the republic the Temirtau-Karaganda, Pavlodar-Ekibastuz, East Kazakhstan, Karatau-Dzhambul, and Mangyshlak territorial-production complexes, large enterprises, and industrial centers are being successfully developed. Sectors which determine scientific-technical progress and the present industrial power of Kazakhstan such as the fuel, energy, machine building, and chemical industries and ferrous and nonferrous metallurgy are being developed at the most accelerated rates. The scope of work to solve problems of an intersectorial nature, to develop information science and computer equipment, to develop and introduce into production

industrial robots and manipulators, to create flexible readjustable complexes, and others has increased.

In order to perform these large-scale tasks high-powered scientific-technical potential has been created in the republic; it has an ever-increasing impact on the economy's development and is capable of resolving important economic problems.

I will cite several examples. Today more than 2,000 laboratories, 800 design bureaus, and more than 200 experimental-design production facilities, shops and sections operate at enterprises and in organizations of the republic. And while some 10 years ago 239 scientific research projects were carried out under the state plan, the volume of research has increased five-fold in the current five-year plan period. By the start of the 9th Five-Year Plan about 10,000 measures a year were introduced into production, but this indicator totaled 21,000 in 1984. According to preliminary calculations, the economic effect from their introduction during the current five-year plan will total more than 600 million rubles and the decline in the prime cost of output will be more than 400 million rubles, while the repayment period for expenditures for new equipment during this time does not exceed 2 years on the average.

I cannot fail to note as well the greater scope of work on technical reequipment and reconstruction of existing production facilities; in certain sectors, I would say, these directions have become basic to the development of production. For example, in the 11th Five-Year Plan the republic's nonferrous metallurgy enterprises are using 50.4 percent of the allotted capital investments for these purposes, light industry -- 53 percent, and the food industry -- 49 percent. In industry more than 920 sections, shops, and major production facilities were comprehensively mechanized and automated and 1,150 fully-mechanized and automated lines and some 10,000 units of highly productive equipment were installed as a result of the technical reequipping of the sectors in the current five-year plan alone.

Naturally, the work done had an effect on final results. The introduction of assignments on new equipment and progressive technology made it possible in the current five-year plan period alone to theoretically liberate more than 45,000 people, equivalent to increasing labor productivity by 3.4 percent. During these years more than 30,000 people switched from manual to mechanized labor and as a result the proportion of workers engaged in manual labor in industry declined in 1984 to 33.4 percent. More than 50 percent of the total increase in labor productivity in industrial production last year was achieved just through introducing scientific-technical measures alone.

And getting down to specifics, the multisectorial industry of Kazakhstan has many examples available of highly efficient enterprise work on the basis of introducing new equipment and technology. Suffice it to say that the unique fuel-energy complex in Pavlodar Oblast has become universally known. For the first time in the country's experience, continuous-cycle coal mining using powerful domestically-produced equipment that can extract more than 54,000 tons of coal a year was introduced at the Bogatyr mine in Ekibastuz, the largest in the sector. And the average monthly productivity of a coal miner is 3,668 tons, above the world level. Electricity generated by power

plants using this coal is two-thirds to one-half as expensive, but that is, so to speak, already in the past. We have a right today to be proud of the still little-known Vostochnyy coal mine, whose capacity is less than the Bogatyr, but in terms of technical equipment and sophistication of technological concepts the junior colleague should be a new step in open-cut coal mining.

For the first time in domestic open-cut coal mining, flow-type technology was used at the Vostochnyy mine. Powerful belt conveyors have come to replace wagons, whose availability determined the rhythm of the work. Merely insuring this continuity will increase the labor productivity of a rotary excavator from 4 million tons of goal a year at the Bogatyr to 7.5 million tons at the Vostochnyy mine. The full capacity of the new mine is 30 million tons of coal a year and it is to be completed in 1988.

Scientists from the republic Academy of Sciences are making an important contribution to solving the problems of scientific-technical progress. New organizational forms for linking science and production have been developed there and its institutes have concluded more than 500 contracts on creative collaboration with the republic's ministries, departments, enterprises, and organizations. In the first 4 years of the current five-year plan, Kazakh SSR Academy of Sciences scientists have turned over to enterprises more than 700 completed scientific developments, whose realization has resulted in an economic effect of more than 330 million rubles.

The close collaboration of scientists and producers in Kazakh nonferrous metallurgy can serve as a good example. Progressive scientific ideas and production interests are getting along there and we do not have to wait for the results -- they are at hand. Progressive systems of working deposits using highly productive self-propelled equipment complexes as one of the main directions of technical progress in underground ore mining have been successfully introduced in the sectors' enterprises.

New autogenous and extraction processes for obtaining nonferrous and rare and alloy metals have been developed and incorporated at the republic's metallurgical enterprises with the collaboration of scientists. Particular attention is being devoted to questions of the comprehensive use of raw materials. The Ust-Kamenogorsk Lead and Zinc Combine offers an example of achieving high results in comprehensive use of lead raw materials, where 18 of 20 by-products are recovered; in other words, the combine has essentially converted to no-waste technology.

For the first time in the world fundamentally new technology was used to incorporate the production of highly pure gallium at the Pavlodar Aluminum Plant. Fundamentally new facilities to process lead-zinc production wastes and scrap storage batteries have been introduced at the Leninogorsk Polymetals Combine.

This year an installation for smelting copper concentrates in a liquid bath was launched at the Balkhash Mining and Metallurgy Combine. This makes it possible to raise the productivity of furnaces almost 20-fold, reduce fuel expenditure to one-seventh its former level, fully utilize all exhaust gases, and, finally, sharply improve the working conditions of metal workers.

Another example was when, for the first time in domestic practice, Kazakh metallurgists in collaboration with scientific research and design institutes developed and introduced the technology and method of processing Lisakovsk phosphorous-containing brown ironstone ores at the Karaganda Metallurgy Combine. This made it possible to draw about 3 billion tons of iron ore into use and organize the production of high-quality sheet rolled products.

It has been repeatedly written and said, how important a role the start-up of the tin plate shop at the Karaganda Metallurgy Combine played in the economy of the country and the republic. Judge for yourselves -- a shop provided with unique equipment, including a "1400" mill which operates continuously with an endless roll scheme, will make it possible this year to already produce about 200,000 tons of tin plate; this is 30 percent of all-Union production. In this way, Kazakhstan is becoming one of the main producers of this major national economic output. And many such examples of collaboration between scientists and producers can be cited.

Of course, the introduction of new equipment and progressive technologies is not an end in itself. All these measures are focused on achieving final results: increasing labor productivity; lowering the prime cost of output; and, what is very important, increasing the quality of the output being produced.

It must be said that introducing the achievements of scientific-technical progress has helped substantially to increase the technical level and quality of the output being produced. In the first 4 years of the current five-year plan alone 103 models of new types of machines, equipment, devices, and instruments have been developed. The production of 790 new types of industrial output has been incorporated and begun; this includes 145 types incorporated for the first time in the USSR. And 116 types of outdated equipment were withdrawn from production.

The republic produces zinc, lead, tellurium, magnesium, and scandium oxide on the level of the best world standards and we produce agricultural machinery, mining equipment, sheet metal rolled products, electrical carbon steel, ferrochrome, machine tools, drawbenches, gear-rolling mills, screw presses, pump units, cement, slate, facing slabs, and many other items with the state Emblem of Quality.

I must also speak of our achievements in agricultural production. On the basis of broad introduction of scientific-technical developments a soil-conserving system of farming was introduced on 22 million hectares of land, high-yield varieties of agricultural crops were developed, and new strains of highly productive animals were developed. All this helps accelerate the development of the economy and successfully fulfill state plans. Industrial output worth 765 million rubles was realized above the assignments of the first 4 years of the five-year plan. Fixed production capital was increased by almost one-third while the average annual volume of national income increased by 2 billion rubles as compared to the 10th Five-Year Plan period. In the past year 84 percent of the increase in commodity output was obtained through increased labor productivity. The Oriental Studies Department of the

All-Union Academy of Agricultural Sciences imeni V.I. Lenin developed and released 6 varieties of winter wheat, 2 -- of spring wheat, 2 -- of barley, 1 -- of rice, and 4 corn hybrids for state varietal grain testing, 1 variety of soybeans for state varietal legume testing, and 1 variety each of sugar beets and potatoes for state varietal testing of industrial and vegetable crops. In all the republic's 3 breeding centers handed over 78 varieties and hybrids of grain, vegetable, and other agricultural crops for state varietal testing and more than 30 of them were regionalized.

The problem of protecting plants from pests, disease, and weeds is one of the main points for applying scientific-technical progress. It has been estimated that up to 30 percent of the harvest is lost every year because of them. In recent years biological methods of plant protection have become widespread. About 200,000 hectares of crops in the republic are treated with biological preparations. Agricultural specialists believe that each ruble spent for treating plants is repaid 6-10 times over.

In animal husbandry work is being done to improve the Red Steppe, Simmenthal, and Alatau cattle breeds. The improved herd of these breeds is superior in productivity to the main breed of cows; average daily weight gain of 8-15 month old animals is 980-1,050 grams, and live weight reaches 450-480 kilograms.

Scientists have developed two breeds of sheep -- the North Kazakhstan merino and the Degeres. Six new factory lines for the Kazakh fine-fleeced breed have been approved and two for the North Kazakhstan merino. A new breed of West Kazakhstan meat and wool sheep, which in 1984 received a positive evaluation from the special commission of the USSR Ministry of Agriculture, has been prepared for certification.

Scientific production associations have done quite well. Thus, the Karakul Association, where the Kazakh Karakul Sheep Breeding Scientific Research Institute is the head institution, fully meets the republic's need for pedigreed karakul lambs. New factory types are being developed and existing ones are being improved. A type of grey karakul with a blue tone has been approved and certified.

In order to increase the level of comprehensive mechanization in animal husbandry, proposals have been formulated to refine the present system of machines and increase its economic efficiency while caring for cattle, and proposals have been prepared for including 114 types of cattle farm equipment in the national system of machines in the 12th Five-Year Plan.

The acceleration of scientific-technical progress includes solving a whole number of problems on both the sectorial and the intersectorial levels. One of them, perhaps the most important, is reducing manual labor. Loading and unloading work is an inseparable part of any production process. Therefore, reducing manual labor, and this is where it is highest, is exceptionally important, of general sectorial significance, one could say.

According to estimates by specialists, the republic has approximately 110-115 million tons a year that can be shipped in containers and stacks. In

1985, 20 million tons of it will be moved, so we have conditions for significantly increasing the volume of this shipping.

However, work on this problem is still going too slowly and with great difficulties. There are several reasons for this: production of adequate quantities of mechanized equipment for loading and unloading work, various kinds of containers and pallets, packaging equipment, and other devices has not been set up at specialized enterprises. The organizational aspect, the essence of which is that container shipment must be closely coordinated among shippers, transporters, and recipients, is quite important. Unfortunately, this work is presently being done without coordination, and even plans only envision this work for one or two parties participating in the process.

The republic economy has 1,239,000 people engaged in manual labor. The proportion of manual labor remains high, and it is highest in republic construction organizations.

In short, these statistics are not comforting. All this makes the extensive development of a stack-container system necessary. Such shipments are one of the major directions of technical progress in the economy. This method most fully conforms to the idea of comprehensive use of all types of transport and the most effective link among shipping enterprises, supply and marketing organizations, and consumers of output. Accelerating development of the container transport system brings about a substantial reduction in transport expenditures, a higher level of mechanization in loading-unloading and storage work, and reduced losses of output during delivery.

A certain amount of experience has been accumulated in the republic in mechanizing loading-unloading, transport, and storage work on the basis of using containers, packaging equipment, and various attachments for lift trucks and battery-operated trucks which allow operations with different types of freight to be mechanized. And the progressive work methods of USSR Gosplan and the cities of Voroshilovgrad, Leningrad, and Kiev, as well as Tselinograd, where a wealth of experience has been accumulated, have been used.

In recent years the republic has intensified work to further develop container and stack shipping in all types of transport. The volume of shipments using these progressive methods rose by 34.9 percent and 28.1 percent, respectively, in 1984 compared to 1980. Nonetheless, this is merely the beginning of the work. The time has come to fundamentally change the very approach to solving the problem and create the prerequisites to do so successfully. And there are such opportunities. In order to do this, enterprises and organizations must be supplied with specialized transport, containers, reusable plastic packaging, loading-unloading equipment, and various hoisting devices. This is not a simple matter. Therefore, after careful analysis and study of the state of affairs, people in the republic came to the conclusion that the intersectorial comprehensive program "Reducing Manual Labor on the Basis of Using Containers, Pallets, Stacks, and Packing Equipment as Well as Devices for Mechanizing Loading-Unloading Work" had to be developed and implemented. The program touches all sectors of the economy, regardless of departmental affiliation. Virtually all ministries and departments and Union enterprises will take part in its realization; this will make it possible to already carry

out the main part of this work in the 12th Five-Year Plan. A coordinating council has been set up to solve operational questions related to realizing the program.

A program for preparing the material-technical base must be developed for each combine (enterprise); this program envisions repairing warehouses, processing shops, and hoist-transport, refrigeration, ventilating, and technological equipment, reequipping receiving points, warehouses, storage areas, and shops, and supplying them with the appropriate equipment and technical means for working with containers.

Model structures of transport-storage subdivisions in accordance with the volume of container shipments are to be set up and a broad network of repair services is to be organized.

The party's Central Committee demands that reserves for intensifying production be put into operation immediately. Life itself makes this one of the paramount challenges of accelerating scientific-technical progress. And I want to emphasize that not only is there great potential here for increasing labor productivity but also for increasing production sophistication, and the social factor is also quite important.

In other words, we are speaking of purposeful work and those reserves which must be plugged in to in order to increase production efficiency on the basis of the achievements of scientific-technical progress. We know our shortcomings and we are working on eliminating them, but I would like to once again dwell on the main questions which must be solved immediately.

Above all it must be said that we are moving too slowly in solving the questions of technically reequipping and updating production and extensively introducing new equipment and progressive technology into practice. Good developments have been gathering dust on shelves for decades and have not found users; at best they are introduced in one or two enterprises and, in a number of cases, outside the republic's borders.

The enterprises of many of the economic sectors are doing a poor job of studying questions of fundamentally reequipping sectors and more than one-third of them do not have means of comprehensive mechanization and automation. As a result, the technical level of production is rising at a slow rate.

The supply of small power equipment to enterprises remains low in the republic's ministries and departments and the proportion of manual labor remains high. At the same time, new equipment being introduced is not being used efficiently enough. More than half the mechanized lines installed in Ministry of Construction of Heavy Industry Enterprises, Ministry of Food Industry, Ministry of Rural Construction, and Goskomselkhoztekhnika enterprises in 1984 are not operating at full capacity. Cases are known where measures being introduced are inefficient and in addition require significant expenditures for introduction. For example, 259,000 rubles were spent in the Ministry of Food Industry to introduce automat for wrapping candy, while the economic effect was only 6,900 rubles, that is, efficiency per ruble of expenditure was equal to 3 kopecks; in other words, this equipment will take

38 years to pay for itself. Four comprehensive-mechanized lines introduced in the Ministry of Light Industry give efficiency of only 10 kopecks per ruble of expenditures. In a number of sectors the efficiency of innovations being introduced declines every year, questions of the comprehensive use of raw materials and secondary resources are not being solved, and no-waste and resource-saving technologies are not being introduced. Major miscalculations are permitted and a low technical level of production is incorporated when new enterprises are designed. Of 318 designs examined by the republic's Gosstroy and approved by the ministries in 1984, 187 were returned for more work.

Formulation of the new equipment plan is not always preceded by deep analytical study of the timeliness of the measures included, their novelty and priority, and the plan's coordination with material-technical support. Many measures on new equipment encompass decades and have become obsolete long ago and do not meet contemporary demands. For example, of 355 assignments of the state plan on science and technology envisioned this year, only 51 are being introduced for the first time, 52 have been in introduction for 3 years, and 152 -- for 10-15 years. At the same time, the planned volumes for a number of important assignments are declining as compared to those achieved earlier, and the head ministries are setting the tone here.

Because of a lack of strict control on the part of ministries, many enterprises have no plans and are not working on introducing new equipment. The proportion of such enterprises for the sites subordinate to republic ministries was about 35 percent. In addition, about half the ministries and departments do not fulfill the assignments of the State Plan for Development of Science and Technology every year.

Our republic faces tasks of enormous scope and complexity. Let us be frank: we still have quite a few bottlenecks in the planning and organization of research, especially with physical embodiment of scientific developments in the economy. Fundamentally new approaches and solutions are needed here.

What should we focus our science on? I think above all we should focus it on increasing production efficiency and work quality in all sectors of the economy. From science we expect development of fundamentally new scientific-technical, design, and technological concepts which will make it possible to revolutionize -- in the literal sense of the word -- production, produce output which is most technically sophisticated, and create new opportunities and conditions for sharply accelerating the rate of growth in labor productivity and reaching a level which is immeasurably higher than today's. We must decisively overcome the psychological barriers of adherence to outdated, customary methods of work. At all levels of leadership we must move from general discussions on the significance of scientific-technical progress to practical work and large-scale, realistic measures to increase the quality of every collective's work.

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CONSUMER GOODS PRODUCTION AND DISTRIBUTION

CARTOON COMMENTARIES ON INFERIOR GOODS

TRUD Cartoon

Moscow TRUD in Russian 15 Dec 85 p 4

[Cartoon]



--What do you mean tricks?! These are your pants after a wash.

Drawing by A. Semchenko

EKONOMICHESKAYA GAZETA Cartoon

Moscow EKONOMICHESKAYA GAZETA in Russian No 6, Feb 86 p 24

[Cartoon]



(5)— Вам же сказали: сначала
купите, а потом садитесь!

Рис. В. Швецова.

Key:

- | | | | |
|---------------|--|--|------------------------|
| 1. Furniture | 5. You were already told: first buy,
2. Cashier | and then sit down!
3. On sale today | Drawing by V. Shvetsov |
| 4. First-rate | | | |

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CSO: 1827/94

CONSUMER GOODS PRODUCTION AND DISTRIBUTION

CONSUMER TURNOVER FIGURES FOR JANUARY 1986

Moscow SOVETSKAYA TORGOVLYA in Russian 15 Feb 86 p 1

[Article: "USSR TsSU (Central Statistical Administration) Reports"]

[Text] The commodity turnover of state and cooperative trade in January of 1986 totaled 26.3 billion rubles, including 7.3 billion rubles in consumer cooperatives' turnover.

The plan for retail commodity turnover in January 1986 was fulfilled. In comparison with January 1985, the retail commodity turnover in January 1986 rose in comparable prices by 7.8 percent.

The total volume growth of commodity turnover in January 1986 compared to January 1985 by union republics is characterized by the following data:

RSFSR	107.8	Moldavian SSR	111.8
Ukrainian SSR	106.3	Latvian SSR	106.6
Belorussian SSR	109.2	Kirghiz SSR	111.8
Uzbek SSR	110.4	Tajik SSR	110.0
Kazakh SSR	108.5	Armenian SSR	108.4
Georgian SSR	107.8	Turkmen SSR	111.6
Azerbaijan SSR	108.6	Estonian SSR	107.8
Lithuanian SSR	108.8		

CSO: 1827/95

HOUSING AND PERSONAL SERVICES

RSFSR ECONOMIC AKTIV MEMBERS DISCUSS NEW SERVICES PLAN

Moscow ZHILISHCHINOYE I KOMMUNALNOYE KHOZYAYSTVO in Russian No 10, October 1985 carries an article entitled "To Creatively Accomplish Assigned Task" which discusses a new housing plan to improve services for the population, formulated by the RSFSR Council of Ministers and reviewed by economic aktiv members on 7 September 1985. Problems encountered in reaching the necessary goals are noted in the article. The text of this article is published in the USSR REPORT: CONSTRUCTION AND RELATED INDUSTRIES, JPRS-UCR-86-006, 12 March 86 pp 22-27.

CSO: 1827/99

CONSUMER SECTOR POLICY AND ECONOMICS

ROLE OF CONSUMER COOPERATIVE IN APK STRUCTURE ANALYZED

Moscow VOPROSY EKONOMIKI in Russian No 10, Oct 85 pp 62-72

[Article by D. Korovyakovskiy: "Consumer Cooperative in the APK System"]

[Text] The problems of improving the economic activity of the consumer cooperative as an integral part of the APK [agroindustrial combine] whose purpose is to ensure comprehensive socioeconomic rural development are taking on ever more urgent importance at the present time. The USSR Food Program, in setting the consumer cooperative the tasks of raising the level of trade services to the public, of further development of retail sales and the food service industry in rural areas, of expansion of purchases of farm products, and tasks in other spheres as well, emphasizes at the same time the need to give it every assistance.

Under the accepted classification of the APK structure the consumer cooperative cannot be altogether and entirely placed in either of its spheres, the production infrastructure or the social infrastructure. The consumer cooperative embraces to a greater or lesser extent all units of the APK. The reason for this is that it carries on a multisector economic activity. There are about twenty sectors and subsectors within it: trade in consumer goods, building materials and other commodities for productive purposes, food services, purchases of farm products, the food industry, production of equipment and nonfood commodities for the public, logging, subsidiary farming, etc.

In that it embraces the sphere of production and that of distribution, in its production and economic activity the consumer cooperative exerts a direct and indirect influence on socialist expanded reproduction, including reproduction of the social product in the APK and the creation and sale of its final product. In valued terms the share of cooperative procurements, food service, the food industry and light industry account for more than 6 percent of the final product of the APK, and almost 25 percent of its total volume is sold through trade and food service. Kolkhozes sell 10 percent of their output for the market through the system of consumer cooperatives, and owners of personal subsidiary farms sell half of their output for the market this way.

The role of the consumer cooperative is growing in the development of the

productive forces in rural localities, in the improvement of socialist production relations, in the reproduction of manpower, above all in rural localities, and in solving social problems. Expansion of the scale of its activity is accompanied by a change in the social composition of the rural population.

The APK's development requires that the consumer cooperative be involved as a component in this process. That is why a description of the APK cannot be sufficiently complete and comprehensive unless it takes into account the consumer cooperative's dynamic activity as a comprehensive multisector economic system exerting a substantial influence on rural socioeconomic development and towards strengthening economic ties between the city and rural areas. The active participation of the consumer cooperative in the functioning of the APK at its various levels makes it possible for it to manifest its economic activity effectively - from the economic and social standpoint - and to develop sectors in a planned and balanced way in an organic unity with other sectors of the economy.

The economic and social role of the consumer cooperative in the system of the APK is determined above all by the fact that in its activity it is organically balanced with agricultural production, the life of the rural population, and satisfaction of its needs for consumer goods. Consequently, the place and role of the consumer cooperative in the system of the agroindustrial complex result "ve all from its economic and social functions, from those tasks which it performs to strengthen and improve the ramified relations between city and rural area and to raise the standard of living of the rural population.

In the present stage the balanced development of all sectors of the APK, including sectors which serve the rural population, is one of the urgent practical tasks. The trade of the consumer cooperative is among the sectors requiring accelerated development. It has become an urgent need to provide trade services to the rural population at the level of services to the urban population. Cooperators are steadily enlarging the volume of sales of goods both thanks to an increase in the stocks allocated by state authorities and also through a growth in the production of products at their own industrial and agricultural enterprises and larger procurements of farm products from private individuals and from kolkhozes and sovkhozes. In 1984 the volume of retail sales of cooperative trade was 88.9 billion rubles, by comparison with 76.4 billion rubles in 1980, which means a growth of 16.4 percent. The proportional pattern of sales has improved substantially. Over the period 1981-1983 sales of meat and poultry rose 26.5 percent, vegetables 16 percent, fruit 29.8 percent, canned fruits and berries and eggs - 1.3-fold, clothing and underwear 11.2 percent, knitted outerwear 16.3 percent, electrical goods 10.2 percent, and radio equipment 15.8 percent.

The growth of per capita commodity sales in rural localities is evidence of improvement of the activity of the consumer cooperative in the trade sector. The volume of sales of state and cooperative trade per capita basis have been growing considerably faster in rural settlements than in urban settlements. In 1983 it was 8.1-fold larger in rural localities than in 1950, while the growth in urban settlements was 3.6-fold; the respective figures relative to 1960 were 3.7- and 2.4-fold, and relative to 1980 they were 13.9 and 7.3 percent.

That is a basis for the narrowing of the gap in the volume of sales relative to the size of the rural population as compared to the urban situation. In 1950 per capita commodity sales of the urban population exceeded the corresponding rural commodity sales by 4.8-fold, in 1960 the difference was 3.2-fold, in 1970 it was 2.6-fold, and in 1983 it was 2.1-fold. At the same time, in absolute amounts the difference by which per capita retail sales of the urban population exceeded that of the rural population increased 2.4-fold between 1950 and 1982, by comparison with 1960 the increase was 1.9-fold, relative to 1970 it was 36.2 percent, and against 1980 it was 2.9 percent. In fifty years this difference has grown by 87 rubles, and over the last decade it grew 150 rubles and in the decade 1971-1980 it increased by 175 rubles. At present it is still difficult to speak of a new trend in this area, but in 1982 the difference by which per capita commodity sales in urban settlements exceeded that in rural settlements was 12 rubles smaller than in 1981. If this trend, which leads towards equilizing per capita commodity sales in cities and rural areas, is to become stable, there will have to be a purposive redistribution of commodity stocks to the advantage of consumer cooperatives.

Improvement of trade services to the rural population should stimulate an increase in the production of farm products and a rise in the efficiency of agricultural production. It cannot but be taken into account that trade policy and the product mix of commodity sales can help to reduce the production of certain types of farm products on the personal subsidiary farms of the rural population. The use of purchasing power to obtain goods in cooperative trade serves as an incentive for more active participation in work activity and in the socialized economy. It should also be noted that this aspect, in combination with the active procurement activity of the consumer cooperative, is also stimulating development of logging by the rural population. All of this ultimately serves as a means of augmenting commodity resources which are brought into the system of distribution.

In this connection we will discuss certain problems in improving trade services to the rural population. Every year the rural population makes purchases of goods in state trade totalling 18 billion rubles, which is approximately equal to 10 percent of its sales (not including food service), and the figure is still higher for nonfood commodities. About 60 percent of rural families regularly travel to cities to purchase goods, which involves considerable expenses on the part of society.

The tasks related to further rural social development require a new approach to proportions in the distribution of commodity resources between city and rural areas, and consequently, between state and cooperative trade. In the period 1981-1982 the share of consumer cooperatives in the market stocks of the most important products of light industry (sewn garments and knitted articles, leather footwear, etc.) amounted to only 28-29 percent. The faster growth of commodity sales in rural localities than in the city must correspond to the growth rates of the money income of kolkhoz members and workers on sovkhozes and other units of the agroindustrial complex.

As the process of agroindustrial integration takes place and large agroindustrial associations are created, there will also be changes in the socio-economic conditions of the activity of the consumer cooperative, which

makes it necessary to improve the forms of trade services to the rural population. For instance, large agroindustrial complexes and enterprises are developing more and more in rural localities, and trade services to their workers are accordingly becoming an urgent necessity.

Sales of building materials, farm supplies and other goods, above all by combining trade and production services to individuals, are in need of improvement. This of course requires setting up new types of enterprises for combined trade and productive purposes which would be able to assume the functions of trade and performance of orders from individuals to make various structural components, modules, and so on. There has been an especially substantial growth in the demand of the rural population for all types of small pieces of equipment which make it easier to farm homestead plots.

Enhancement of the role of the consumer cooperative in rural socioeconomic development is organically bound up with developing and strengthening food service as a sphere of its activity. In 1984 cooperative retail food service sales reached 5.4 billion rubles, as against 4.4 billion rubles in 1980, or an increase of 22.7 percent. We should note that sales of goods through the food service system have been growing more rapidly than the retail commodity sales of the trade network. Sales to the public of partially prepared foods, specialty food items, bread and rolls, nonalcoholic beverages, ice cream, and so on, have been growing at faster rate. In 1984 sales of partially prepared foods and specialty food items alone amounted to 948.8 million rubles, which is 17.7 percent of retail commodity sales in food service. At the same time the share of the commodity sales of food service enterprises in the total retail commodity sales of consumer cooperatives amounts to only 6 percent, and rural localities it is still less at 4.8 percent.

Solving the problems of developing rural food service depends in large part on the initiative of the consumer cooperative. Yet on its own it is unable to quickly and successfully cope with those tasks without the active involvement of the RAPO [rayon agroindustrial association] and other bodies in the administration of the APK. Food service is becoming a very important condition for the development of socialized production, for increasing its efficiency, for other spheres of socialized activity, for personal subsidiary farming for the rural population, in short - for the entire complex of socioeconomic changes in rural areas.

The consumer cooperative plays a significant role in rural housing construction, among other things in meeting the rural population's needs for building materials. As matters now stand, 5 percent of the total volume of production of local building materials are supposed to be allocated for the market. But in many places consumer cooperative unions are allocated market stocks of brick, lime and other building materials only in the proportion of several tenths of a percentage point of the total volume of production. The possibilities for housing construction financed with funds for social welfare and cultural programs and housing construction are still not being utilized sufficiently.

The economic and social effectiveness of the functioning of the consumer cooperative within the APK depends in large part on its plant and equipment. In recent years there has been a substantial improvement in the relative

adequacy of capital and the capital-labor ratio of all branches of the consumer cooperative, trade above all. Qualitative renewal of fixed productive capital has been taking place through utilization of advances of scientific-technical progress. Many settlements have shopping centers, department stores, self-service general stores, and up to date specialized stores. over the period 1981-1984 the sales floor space of stores opened amounted to 2316.7 thousand square meters, the area of general merchandise warehouses 1756.1 thousand square meters, and in food service facilities were added with a seating capacity of 171.3 thousand. Whereas in 1970 the sales floor space of stores was 121 square meters per 1000 inhabitants served by consumer cooperatives, the figure in 1980 was 186 square meters, in 1982 it was 196 square meters, and in 1984 it was 207 square meters; the seating capacity of the network of food service enterprises open to the general public increased from 22.1 (1981) to 24.7 (1984).

But the plant and equipment of the consumer cooperative is still far from perfection, is not in line with the possibilities of present-day scientific-technical progress, and does not meet the needs of rural social development. This especially applies to the trade network and customer services to the public. For instance, in 1980 there were cooperative stores in 139,000 out of the total 383,000 rural settlements. The other 244,000 settlements, representing 63.7 percent of the total number and a population of 17 million, did not have a rural trade network. It should be noted that among the settlements without stores there are 184,000, or 3/4, which are tiny hamlets with fewer than 50 persons. The pattern is similar in 2/3 of the villages whose population ranges between 51 and 200. About 1/3 of all the consumer cooperative stores are located in remote settlements, but their share is only 16% of the total volume of retail commodity sales. In rayon centers the sale of goods per square meter of sales floor area is 5,000 rubles, while in remote villages the proceeds are slightly over 2,000 rubles. At the same time, abundant experience has been gained in the consumer cooperative system in providing a high quality of customer service to the rural population of remote settlements. Concern about the inhabitants of small and remote villages is one of the paramount tasks not only of cooperative personnel but also of the RAPO.

Providing customer services to rural inhabitants is ceasing to be a problem of cooperative personnel alone. Abundant experience has been gained in the building of trade and food service enterprises by kolkhozes and sovkhozes, which then turn them over to the consumer cooperative, which reimburses them appropriately for their expenditures. Where the local authorities, including the RAPO, have pointed the farms in the direction of building stores, restaurants and bakeries both at central homesteads and also "in outlying areas," rural inhabitants do not have great trouble obtaining the goods they need.

The effective functioning of the APK depends in large part on the activity of the system for sales of farm products. The consumer cooperative makes deliveries from industry and purchases from kolkhozes, sovkhozes and individuals. It sells more than 60 different types of farm products through its retail trade. Their share was as follows in the total volume of purchases: 60 percent of the wool, 37 percent of the raw hides, more than 50 percent of the potatoes, 32 percent of the vegetables, about 40 percent of the nuts, 87

percent of the honey, 72 percent of the mushrooms, approximately 65 percent of wild fruit, berries and melons, and almost 55 percent of medicinal herbs and the like.

The procurement activity of the consumer cooperative is conducted through two channels: state purchases and decentralized purchases at negotiable prices. The latter type of purchases has especially great importance to the owners of persona subsidiary farms. But the scale of purchases of surpluses of farm produce from individuals, their processing and sales still do not come up to the tasks set by the Food Program: guaranteeing prompt purchasing of farm products offerei by socialized farms and individuals so that losses do not occur and promptly shipping the products accepted to cities and industrial centers and for processing.

Particular attention should be paid to solving the problem of organizing purchases of farm produce in small villages located "far from anywhere." Meat production in some places is 2.5-fold greater per 100 farms than in settlements with a population of about 5,000. For instance, in 1981 the "Saverna" Kolkhoz in Tsylvaskiy Rayon in ESSR accepted approximately 40 tons of meat from kol'khoz members, in 1984 120 tons were taken with the active participation of the revitalized khutors, and the target for 1985 is 160-180 tons. Within the consumer cooperatives system a long-range plan of comprehensive measures has been drafted for more complete absorption of the resources of farm products in small villages and remote hamlets. Sales of small machines for private farming are expanding, and rental centers are being organized. An economic experiment in organizing mobile acceptance-and-procurement stations is being conducted in the Kalinin Oblast Potrebsoyuz.

An important direction in the procurement activity of the consumer cooperative is the fullest absorption of the supply of wild fruit, berries, mushrooms, nuts and medicinal herbs and the like. In this connection there is a need for broader involvement in purchases of school children, students of cooperative and other educational institutions, and pensioners, for creation of forest camps, for use of other forms of active procurement, and for improvement of the system of material and nonmaterial incentives of those who gather these products.

There is a need to develop further the consumer cooperative's ties to producers of farm products - kolkhozes, sovkhozes and individuals. This means that the relationship between the partners must become more planned and must be long-term and stable, flexible and responsive. Joint study of the market and mutual exchange of information, the planning of production and sales of products through the consumer cooperative system have paramount importance.

The consumer cooperative's contractual relations with kolkhozes, sovkhozes and individuals who have private farming projects are not a unilateral act. Improvement of the procurement activity of the consumer cooperative depends in large part on the farms and individual citizens strictly meeting their obligations for sale of farm products by the date specified and up to the appropriate standard. In this connection it is also advisable to make the parties more responsible for performance of contractual obligations.

Planning purchases of surpluses of farm products from individuals does not always play the role of an instrument that promotes an increase in the volume of procurements. In years when the harvest is good, the sizable overfulfillment of the purchase plan results in a high plan being established in the next year, which does not act as an incentive on the enterprise of procurement personnel. As is well known, a plan exists pertaining to the use of products which the consumer cooperative purchases from individuals. Cooperative procurement personnel do not have the right to independently dispose of above-planned purchases, which holds back prompt sale of those products. When the harvest is good, low purchase prices are set, which does not stimulate the sale of farm produce to the consumer cooperative. A more flexible system is needed to motivate procurement personnel concerning above-planned produce.

Consistent implementation of the decree of the CPSU Central Committee and USSR Council of Ministers and titled "On Improvement of Agriculture's Economic Relation with Other Sectors of the Economy" (1983) has great importance to the improvement of the consumer cooperative's procurement activity: it introduced basic indicators for evaluating the performance of enterprises and organizations serving farms and procurement personnel and rates governing the formation of material incentive funds and funds for social welfare and cultural programs and housing construction and also for distribution and use of above-planned profit among enterprises and organizations and the farms they serve.

Negotiated prices are taking on substantial and ever growing importance among the economic methods and instruments which the consumer cooperative uses to increase the farm products grown for the market and to improve the supply of food to the public. Such prices combine the interests of the producers of farm products, the consumers and the consumer cooperative itself, and its procurement, processing and trade enterprises and organizations. The socioeconomic purpose of negotiated prices also lies in the fact that they are not only an integral part of the economic mechanism of consumer cooperation, but also an element of the overall economic mechanism of the APK.

Negotiated prices should give equal weight to the interests of the producers of the farm product and to those of its consumers. In buying and selling, processing and operating its retail network the various units of the consumer cooperative must not only not show losses, they must achieve the optimum proportion of profit. They are also required to take into account the purchasing power of the population obtaining foodstuffs in the consumer cooperative system. In 1982 prices of these goods in the stores of city cooperative markets were on the average 22.4 percent lower than the prices of the kolkhoz market, and in 1984 the difference was 19.5 percent.

The market of individual sellers and buyers cannot serve as the "barometer" of the soundness of negotiated prices. When these prices and sales prices are analyzed, it makes sense to compare them not only to the prices of the kolkhoz market, but also to state retail prices and to purchase prices. In other words, the level of negotiated prices must be scientifically substantiated. A large number of factors related to the pricing process, the relationship between supply and demand, and the level of satisfaction of the demand for the

particular goods influence the level of the prices and their relationship to state retail prices and the prices of the kolkhoz market. Moreover, this pertains to both markets. The prices of the kolkhoz market considerably exceed the state retail prices of such products as hulled and rolled grains, legumes, potatoes, vegetables, berries, fruit and other things. The negotiated prices of these products are 23-44% below the prices of the kolkhoz market. Here we observe noticeable deviations in price relations between farm products purchased at negotiated prices and accepted by the commission and state retail prices from one union republic to another. For instance, in 1982 these price relations for meat and poultry ranged from 176 percent (ESSR) to 199 percent (AzSSR), on sausage products from 100 (LaSSR, ESSR and KiSSR) to 555 (ArSSR), on milk and dairy products from 100 (UkSSR, KaSSR, GSSR, MSSR, KiSSR and TaSSR) to 240 (ArSSR), on eggs from 100 (LiSSR, KiSSR and TaSSR) to 150 (ESSR), on potatoes from 147 (BSSR) to 409 (TuSSR), on vegetables from 130 (BSSR) to 327 (GSSR), and on fruit, berries, watermelons and cantaloupes from 125 percent (ESSR) to 270 percent (ArSSR).

Acceptance of farm products right at the place where they are produced is an integral part of improving procurements aimed at preserving the quality of the produce. The complete transition to this progressive method of procurement is not a simple task for cooperative personnel, especially in the case of purchases of potatoes and vegetables. The heart of the problem is that many farms assigned a state plan for sales of potatoes and vegetables through consumer cooperatives allocate comparatively small planting areas to growing them and do not achieve a high yield. As shown by calculations, to complete the transition of acceptance of these products right on the farms at least 20,000 acceptance-and-procurement stations would have to be built on them, which involves major outlays, though the return from them is small. The plans for the distribution of potato and vegetable purchases must take into account the level of concentration and specialization of their production.

The subsidiary farms of the consumer cooperatives has great importance in improving the food supply to the population. In 1983 there were 7.4 thousand such farms (fattening stations) in its system as against 6.8 thousand in 1980 and 5.0 thousand in 1978, or increases of 8.4 and 46.7 percent, respectively. In 1978 the production of meat (gain and live weight) was 32.3 thousand tons, in 1980 it was 50.4 thousand tons, or an increase of 56.0 percent, and in 1984 it was 77.4 thousand tons, or a 2.4-fold increase. Further growth of production of farm products depends both on the efforts of cooperative farms and also on improvement and expansion of their ties with kolkhozes and sovkhozes and other links in the APK.

Industrial production has an important place in the activity of the consumer cooperative. This is not only a source for increasing production of goods for the public, but also a means of improving the use of rural labor resources, for optimum application of local supplies and raw materials, and also for reducing the shipping costs of goods.

Enterprises of the consumer cooperative for the production of foodstuffs are substantially supplementing the stocks of foodstuffs allocated to it from state resources with respect to a number of foodstuffs sold to the public through cooperative trade, and the share of products produced at its own

industrial enterprises is rather high: nonalcoholic beverages, sausage products and canned meat products (more than 50 percent), and canned vegetables and fruits (about 50 percent). The share of the consumer cooperative's own product in the total volume of its food sales in the current five-year period is about 15 percent, but in certain republic consumer cooperative alliances (the Ukraine, Belorussia, Moldavia, Armenia, Georgia, etc.) the share is at least 1.5-2-fold greater. For instance, in the Ukraine almost 1/4 of retail sales of foodstuffs are the product of the cooperatives themselves. Consumer cooperative accounts for 1/7 of nationwide production of canned fruits and vegetables and 1/3 of the bread products. Thanks to its bread baking enterprises the consumer cooperative meets 85 percent of the need for bread of the population living in its service area.

Intensification of the division of labor in agriculture, its further specialization and concentration, and the development of production cooperation and agroindustrial integration have been having a considerable impact towards expanding the possibilities for increasing the commodity resource of the consumer cooperative. In the context of the extensive development of agroindustrial integration a painstaking approach is needed to the planning and location of the consumer cooperative's industrial enterprises. Consideration must be paid here to the problems of developing the ties of cooperative enterprises with analogous state enterprises, with kolkhozes and sovkhozes, and with agroindustrial associations.

An important step in solving this problem is working out for every republic, kray and oblast charts for development and location of cooperative enterprises for the production of consumer goods, which should be linked to the development of analogous enterprises of local industry, food industry, fruit and vegetable growing, and the subsidiary production operations and craft activities of kolkhozes, sovkhozes and other enterprises making products from local raw material. Particular attention must be paid here to expanding the network of technically equipped small-capacity shops for processing raw fruit and vegetables at the place where they are grown.

At the present time agroindustrial integration has mainly covered the state sector. In the kolkhoz-cooperative sector these processes have so far not undergone substantial development. This is true both of kolkhozes and also the consumer cooperative. Further development of production operations processing farm products required a creation of joint enterprises in various combinations of the forms of ownership (sovkhозes, kolkhozes, consumer cooperatives, and state industrial enterprises). The consumer cooperative has the prerequisites for taking part in expanding and intensifying the processes of integration in rural areas. This would help to intensify specialization and growth of concentration of production and the processing of farm products and would also contribute to solving rural social problems. The consumer cooperative is a component in the country's unified agroindustrial complex, which is planned, financed and managed as a single entity, thereby guaranteeing high final economic and social results, and that is why matters related to creating more favorable conditions for its activity have to be taken up in their direct relation to the problems of developing the APK as a whole.

In recent years there has been a drop in the profitability of cooperative trade, and distribution costs have risen substantially. The dynamic behavior of distribution costs and profitability of cooperative trade are shown in the figures in the table below (in percentages of commodity sales):

Table 1

Year	Distribution Costs	Profitability
1960	7.11	2.48
1965	7.79	1.70
1970	8.03	1.45
1975	7.84	1.40
1980	8.08	1.59
1981	7.96	1.60
1982	8.08	1.37
1983	8.11	1.40
1984	8.18	1.40

The trend towards a lower level of profitability is also observed in the procurement sector. For instance, whereas in 1975 it was 3.52 percent, in 1980 it was 3.16 percent and in 1984 it was 2.77 percent. Distribution costs for procurements of agricultural products produce and raw materials in 1975 represented 6.49 percent of sales, but 7.33 percent in 1984. All of this has had an impact on the profit of the consumer cooperative.

Table 2

Profit of the USSR Consumer Cooperative System,
in millions of rubles

Profit	1975	1980	1981	1982	1984
All Sectors	1634.9	1981.6	2108.8	2139.3	2352.0
Breakdown:					
Retail Trade	815.2	1141.8	1210.5	1075.4	1172.2
Procurements	270.5	263.2	276.0	265.5	284.7

The main reserve for growth of the accumulation of the consumer cooperative is to increase the efficiency of its activity. But the level of distribution costs depends not only on the level of efficiency of trade organizations and enterprises of the consumer cooperative, but also on a number of general economic factors related to economic development and on measures to improve the economic measures. For instance, raising wholesale prices of industrial machines and equipment and the rates for shipping goods, depreciation rates, wages of personnel in the trade sector, higher wage deductions for social

insurance, increasing the costs under certain items of distribution costs, production cost, and so on. The additional costs resulting from the rise of wholesale prices and rate schedules alone amount to 500 million rubles.

The economic and social aspects are intertwined in the problem of distribution costs as never before. And this means that distribution costs are more and more performing a social function related to improvement of customer services to the public. And that function is taking on decisive importance, and certain additional costs are involved.

The consumer cooperative has been developing from internal sources of accumulation. The trade discounts from the retail price extended to it are the principal source for formation of the gross income of cooperative trade. In its economic content the trade discount included in the retail price and used to cover distribution costs, that is, costs related to the process of the distribution of goods, bringing them to the consumer, and the formation of the profit of trade organizations and enterprises, represents a part of the commodity's value. An economically sound trade discount for the consumer cooperative plays essentially the same role as the wholesale price for industry and agriculture, rates and fares for transportation, and so on. The level of trade discounts must be closely linked to the level of profitability (optimum), which should guarantee sufficient accumulation for the future development of trade activity and for improvement of service to agriculture in the trade sector.

The trade discount promotes planned and proportional development of the socialist economy, achievement of its goals and performance of its tasks. The consumer cooperative is one of the important sources of socialist accumulation; 35 percent of its balance-sheet profit goes into the general state fund of money resources.

Many economists feel that the optimum level of profitability for trade is 3.8-4.0 percent. The actual level of profitability of cooperative trade is approximately one-third of that. Previously the level of trade discounts was considerably higher for rural areas than for the city. Now they are the same or have come appreciably closer together. In the process of regulating trade discounts not enough consideration has been given to the specific nature of the conduct of trade by the consumer cooperative. For instance, rail shipping, water and air shipping costs in the USSR Mintorg [Ministry of Trade] amounted to 57.0 million rubles in 1982, or .05 percent of retail commodity sales, while in the consumer cooperative system they amounted to 127.0 million rubles (0.16 percent); the respective figures for truck and crawler transport were 703.3 million rubles (0.56 percent) and 1151.6 million rubles (1.47 percent). Expenditures to pay interest on bank credit (not including interest paid at increased rates) were as follows: 221.5 million rubles (0.18 percent) for USSR Mintorg, and 445.3 million rubles (0.56 percent) for the consumer cooperative system.

The consumer cooperative does not possess a sufficient quantity of working capital of its own, and for that reason it uses sizable amounts of bank credit, the interest on which amounts to an immense sum equal to nearly 52 percent of the profit actually obtained from trade.

An analysis shows the indispensable need to increase the trade discounts for the consumer cooperative system. The system of price markups on purchases of farm products is also in need of better economic substantiation. The allowances now in effect for overhead and accumulation do not correspond to operating conditions for all types of procurements. For instance, in many consumer cooperative alliances (especially in the Nonchernozem Zone of RSFSR) the actual cost of procuring one ton of potatoes is at least 1.5-fold more than the established allowance.

The decree entitled "On Improvement of Agriculture's Economic Relations with Other Sectors of the Economy" defines the main criteria for setting purchase prices for the next five-year period, and it would be advisable to extend them to the system of trade discounts and price markups for procurements, whose purpose is to reimburse costs and to form profit as an integral part of the economic mechanism.

Agroindustrial integration is having a substantial impact towards development of the consumer cooperative and the forms and methods of its ties and relations with other sectors and its trade partners. Of course these relations are in need of further improvement and development. This applies above all to the consumer cooperative's ties with kolkhozes and sovkhozes, with other state enterprises and organizations, and with the subsidiary agricultural production of individuals.

The shaping and further refinement of the unified economic mechanism of the APK, embracing all its links with a unified system of planning and financing, including the consumer cooperative, has urgent importance. It has to be placed in equal conditions with other partners in the APK in the supply of industrial machines and equipment, which will have a favorable effect towards bolstering the plant and equipment of the consumer cooperative and towards retooling in order to take advantage of the advances of science and technology. The activity of the consumer cooperative is aimed at the formation and development of the socioeconomic prerequisite of the transition to the new stage. In the process of improvement the consumer cooperative is coming closer and closer to state and socialized production. This is manifested above all in the national significance of the consumer cooperative in meeting the needs of society, in steadily bringing its ownership closer to socialized ownership, in strengthening economic ties between the city and rural areas, and in overcoming substantial differences between them.

Improvement of the economic relations with kolkhozes, sovkhozes and other entities of the APK and participation in the processes of integration will continue to help to strengthen the consumer cooperative and its development over a lengthy period of time. Greater economic and social maturity as the Soviet state performs a growing role is the mainline for development of the consumer cooperative and its future. The problems examined above indicate the need for serious theoretical work to be done on the basic problems of the development of the consumer cooperative in the context of advanced socialism so as to reveal its place and role in our society's further improvement and in solving the socioeconomic problems of rural areas.

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CONSUMER SECTOR POLICY AND ECONOMICS

RESULTS OF CONSUMER SERVICES EXPERIMENT IN RSFSR EVALUATED

Moscow FINANSY SSSR in Russian No 12, Dec 85 pp 18-23

[Article by I. N. Lazarev, candidate of economic sciences: "An Experiment in Consumer Services"]

[Text] More than a year has passed since the start of the major economic experiment in consumer services which, beginning on 1 January 1986, will be expanded throughout the entire system of the RSFSR Ministry of Consumer Services. The initial results of working under the new conditions have confirmed the correctness of the basic directions chosen for restructuring the system for administering consumer services to the public. Work of the consumer-service enterprises and organizations has been activated, while attention has been intensified to this important sector on the part of administrative organs--economic, soviet, and party. Decrees of the party and the government concerning comprehensive improvement of consumer-service administration have imparted a new impulse to the entire operation; they have compelled us to critically and thoroughly analyze once again what has been achieved and, to a certain extent, to implement new approaches.

This has manifested itself more fully with regard to ministries of the autonomous republics, kray, and oblast administrations, which have been operating under the new conditions since 1 July 1984. They have provided a higher growth rate in consumer services than has been the case with the RSFSR Ministry of Consumer Services as a whole. There has been a systematic fulfillment of the plan with respect to all the basic, approved indicators; moreover, the amounts of services paid for by the public have grown, on the whole, by outstripping rates. There has also been an increase in the number of associations and enterprises, as well as the types of services, with regard to which the assigned tasks are being steadily fulfilled.

Work has been activated on expanding the assortment of consumer services, introducing new types and forms, as well as improving services to the public. Thus, there has been an increase in the amount of consumer services being rendered at the workers' place of employment and at home, along with an increase in the proportion of services performed on a short-term basis, including repairs on household appliances and tools, radio and television sets, at night, on holidays, etc. For example, in the Bashkir ASSR the amount of services rendered at plants, factories, construction projects, dormitories grew during the first 6 months of this year by more than 10 percent within an over-all

growth of consumer services by 5.5 percent. The volume of services, by virtue of expanding their new types and forms of service has doubled, while there has been a decrease in the number of complaints regarding the quality of the orders and the standards of service. In Ivanovo Oblast there has been a significant increase in the proportion of orders fulfilled without being returned for adjustment and a 9-percent reduction in the proportion of orders violating the deadlines for performance.

This has been facilitated, to a considerable extent, by the major measures being adopted in the localities with regard to developing consumer-service enterprises, as well as expanding, under the conditions of the experiment, the possibilities for drawing additional manpower--pensioners, housewives, and people who work at home--under "moonlighting" conditions. Thus, in the Komi ASSR just during the preparatory period 32 receiving centers were newly opened, 3 consumer-service houses were put into operation with a service volume worth 1.1 million rubles a year, along with new hairdressing, dry-cleaning, and clothing-repair shops. In Ivanovo Oblast the local Soviets, enterprises, kolkhozes, and sovkhozes allocated an area of 11,500 sq. m, where 82 consumer-service sub-divisions were opened. Just during the period of the first 6 months the number of persons working less than a full day increased by 47.7 percent, while those working at home increased by 25.5 percent.

Throughout the RSFSR as a whole 6,600 persons were drawn into "moonlighting" working conditions, including 2,100 employees in this sector, and this allowed a conventional "freeing up" of 1,900 persons. Cooperation with industrial enterprises has become widespread; material-technical supply conditions have improved thanks to the fact that the consumer services have been granted the right to obtain materials, spare parts, furniture, and tools in the trade network, as well as to acquire in the organs of USSR Gossnab. There has been a considerable expansion at the receiving centers of sales of associated items (a neck-tie or a shirt to go with a suit, gloves or a hand-bag to go with a dress, perfume items at dry-cleaning, laundry, or hairdressing establishments, etc.).

Positive results have been achieved by broader use, under conditions of the experiment, of agreement and contractual forms of labor organization and wages. By the end of June 1985 the number of persons working under conditions of an agreement had increased by almost one-fourth; moreover, groups, brigades, sections, shops, workshops, repair-shops, and hairdressing establishments have been working in this way. As a rule, they have a higher production than other establishments.

The results of the economic activities of consumer-service enterprises have improved, and this has allowed us to strengthen their material and financial base. All the ministries of the autonomous republics and administrations have fulfilled their profits plans and have ensured their increase (with the exception of Yaroslavl Oblast), as compared with the corresponding period of last year. There has been an increase in the profitability of services, a reduction, on the whole, in the number of enterprises operating at a loss, and a decrease in shortages of working capital.

After a year of working under the new conditions, for eight ministries and administrations there has been a significant increase in the funds for economic stimulation, including the incentives fund--by 53.2 percent, or from 4 percent to the wage fund up to 6.1 percent (under comparable conditions). The fund for production and social development amounted to 25 million rubles during the first 6 months. The wages of consumer-service employees have increased accordingly. Additional funds have been allocated for their cultural and everyday needs. By means of economizing on the wage funds the salary rates have been raised, and bonuses have been paid to 8,400 employees, 57 percent of whom are workers.

Thus, measures to improve management methods have facilitated improvement in services to the public and a rise in the operational level of consumer-service enterprises, as well as a strengthening of their economies. However, it is far from everywhere that such results have been achieved. The plan has not been fulfilled for all types of consumer services being planned. Although there has been a decrease, there is still a large number of enterprises which are not fulfilling their assigned tasks with regard to volume of services (18.9 percent); moreover, in the Bashkir ASSR it exceeds the average indicators for the RSFSR Ministry of Consumer Services as a whole, while in Saratov Oblast there has even been an increase, as compared with the corresponding period prior to the experiment.

On the whole there has been a failure to achieve the necessary improvement in the quality of the services and in observing the deadlines for fulfilling the orders. In Astrakhan Oblast and the Altay Kray there has been an increase in the proportion of orders not fulfilled by their deadlines with regard to the repair and manufacture of sewn-garment items, and in Yaroslavl Oblast this is true with respect to orders returned for adjustment. Many enterprises (8.3 percent of the total number) have not fulfilled the plan for profits, particularly in the Komi ASSR and Astrakhan Oblast (26 percent and 26.9 percent), which is more than for the RSFSR Ministry of Consumer Services as a whole (20.1 percent); moreover, in Astrakhan and Yaroslavl Oblasts there are more of them.

There is still a considerable number of enterprises which have allowed an over-expenditure of the wage fund or a worsening of the correlation between the production growth rate and the average wage. For most of the ministries and administrations during the period January--June there was an increase in the above-norm reserve supplies of commercial-material items of value (on the whole, by 12.7 percent), there was a slow-down in turnover, nor was the preservation of working capital ensured.

Analysis of the report data and the check-ups conducted by the financial organs shows that the deficiencies are, above all, connected with the slow restructuring in organizing work in the new way, with poor utilization of the new elements of the economic mechanism. Thus, insufficient use is being made of the opportunities for growth in the volume of services by means of introducing new types and progressive forms of service, including that by enterprises of the highest and first categories. In Ivanovo Oblast, for example, they are not even in all the rayons. Nor is use being made fully of the right to conclude agreements with enterprises and supply organizations regarding the delivery of material resources.

Under the new conditions a great deal of attention is being paid to stimulating an increase in the quality and standards of service--with evaluation of the activities of enterprises and administrations (ministries), by way of forming an incentives fund, calculations for fulfilled orders, etc. Direct influence is rendered, first of all, through the system of forming and utilizing the incentives fund. What is very important is that it contains indicators of the quality of services as well as the standards of service, provided as fund-forming elements, along with an indicator of growth in the volume of paid-for services. Just during the first six months, according to the quality indicators, 2.4 million rubles were additionally contributed to this fund as a whole, which is 16 percent more than for the growth of the paid-for services. In a number of ministries and administrations (Ivanovo Oblast) they have constituted the principal part of additional contributions to the incentives fund.

However, the effectiveness of this system is significantly lowered because of the lack of improvement in the accounting and monitoring controls on the reliability of the quality indicators. These are basically determined in accordance with the data of operational accounting, which in many instances is conducted unsystematically. Furthermore, the RSFSR Ministry of Consumer Services has established many partial indicators of the quality of services and very low norms for the reduction of contributions to the incentives fund in case these indicators grow worse. Under such conditions enterprises often strive as much as possible not to pay attention to or take into account the complaints of their customers, overdue orders, unjustifiably obtaining inflated contributions to the incentive and bonus funds. In Astrakhan Oblast, for example, the Oblrembyttehnika Association during the third quarter of 1984 contributed an additional 2,300 rubles to the incentives fund because of the absence of complaints; a check-up established that there were 15 complaints. The Bashobuvbyt Association reported that orders returned for adjustment, according to their accounts for the second quarter, amounted to a proportion of 1.5 percent, whereas in reality the figures were 11.3 percent for shoe repairs and 15.8 percent for shoe sewing.

In this connection, penalty sanctions have not exerted any noticeable influence on the lowering of service quality. As check-ups have shown, in cases where the indicators of service quality decline by a factor of 1.5--2, the reduction in the amount contributed to the funds at industries amounts to only 10--15 rubles. At the Bashshveybyt Association during the third quarter of 1984 the number of complaints about the quality of filling the orders rose by a factor of 1.5 and about the standards of service--by a factor of 2.5, whereas the contributions to the incentives fund were reduced by merely 11 and 7 rubles respectively.

It should be noted that the quality indicators are used only for enterprises and, in essence, are not taken into account in evaluating the activities of administrations and ministries of autonomous republics as a whole, and this also reduces their stimulating effect. Nor are they sufficiently utilized in awarding bonuses to leading employees and administrative personnel.

With regard to almost all types of services the non-advance system of keeping accounts with the public is being introduced. Advance accounts are being retained solely for materials insofar as they do not enter into the cost of the services, with regard to sewing shoes (50 percent), and a few other types of services. In order to compensate for declining revenues, funds are being allocated from the budget to the service enterprises. But the given system is being introduced all too slowly. Furthermore, these enterprises' higher organs--the administrations and ministries--are reluctant to give up taking advances, despite the compensation from the budget.

The consumer-service administrations of Astrakhan and Kemerovo Oblasts in their orders concerning the transition to a non-advance system reduced the list of services in contradiction to that approved by the RSFSR Ministry of Consumer Services. Similar instances were revealed by check-ups in the Altay Kray. On the whole, with regard to enterprises operating under the conditions of the experiment beginning on 1 July 1984 advances were reduced for the year by only 2.9 million rubles or 20 percent, while in 1985 this figure was 9.3 million rubles or 13 percent, even though twice as much funds were allocated for this purpose. Advances were not reduced in the Tatar ASSR, nor in Kemerovo, Yaroslavl, Kursk, and Ulyanovsk Oblasts.

The reasons are understandable. Advances constitute additional monetary funds which allow enterprises to avoid experiencing financial difficulties, even if they operate poorly. In the subsequent payment for the orders, after they are fulfilled, the requirements of the customers increase. In the Altay and Yaroslavl administrations a growth has been ascertained in the number of items rejected by the public because of poor quality of workmanship. There have been analogous cases in Smolensk and Kemerovo Oblasts.

Use of the non-advance system of payment has also revealed other difficulties. There have been frequent instances of late payments by the public for orders which were fulfilled on time, particularly for expensive items (for example, clothing), while regarding minor repair operations (such as shoes, for example) there are a number of unclaimed orders. This leads to a growth in the leftovers of unsold products, which, in turn, leads to losses for which the consumer-service enterprises are not to blame.

These and other problems connected with introducing the non-advance system of keeping accounts with the public require additional study. It is necessary to refine more precisely the list of the types of services to which it is being extended. With regard to minor, inexpensive orders, advances should be accepted if the customer so desires. With regard to expensive orders, we need to define more precisely the procedure for selling unclaimed orders, having significantly shortened the established deadlines and drawing upon bank credits for this period. It would also be feasible, for the purpose of increasing the responsibility of enterprises for observing the procedure of conducting non-advance accounts with the public, to tighten up the bank's control in granting credits for reserve supplies of material items. Advances received are transferred to the bank for filling out its resources, as well as for extending credit for material items, i.e., as applied to the existing procedure in making the transition from the advance system of keeping accounts with regard to scientific organizations.

The possibilities inherent in the progressive forms of labor organization and wages, as provided for by the experiment, are not being carried out to the necessary extent. In Ivanovo Oblast, for example, formalism has been permitted in the questions of organizing and providing incentives for brigades, especially those where wages are distributed in accordance with the coefficient of labor participation; there is insufficient development of the agreement form, working at home, and "moonlighting." In the Komi ASSR they have not even disseminated the first agreement form, whereby an enterprise pays out wages as a percentage of the receipts earned. In Kemerovo Oblast the agreements have not stipulated the specific types of services to be rendered, there has been a lack of economic justification of the magnitude of the receipts being given out, nor have measures to recover it always been undertaken.

At a number of enterprises the introduction of new forms for providing incentives to labor have not been accompanied by a reduction in labor intensive-ness or by a growth in production output, and this has led to an over-expenditure of the wage fund. Specific steps have not been worked out for the introduction or the doing away with bonuses and supplementary payments in accordance with the categories of employees. It would be feasible to create a model position or recommendations with regard to these questions. Therein provisions could be made that if the indicators of an employee's activity had not become worse, and the enterprise does not have savings from the wage fund, then the bonuses or supplementary payments are to be paid out temporarily-- prior to the obtaining of such savings by means of the incentives fund. Bon-uses should also be established for a specified period, a year, for example, as is done at many industrial enterprises. Furthermore, it is also necessary in consumer services to set up normative correlations between the growth rate of the average wage and that of production output; and in case the latter are violated, penalty sanctions would be imposed.

Introduced under the conditions of the experiment, the indicator of those consumer services paid for by the public reflects the end results of the work better than the total amount of consumer services. However, the fact that the given indicator includes not only the services just for the public but also for a specific group of enterprises in accordance with an established list, as well as items (in small batches) being made without preliminary orders, substantially weakens its stimulating action in the direction of more fully satisfying the public's needs for services. Quite frequently such items are produced to the detriment of individual orders. During the time of the experiment the total sales volume of items produced in small batches has de-clined, but this was the consequence, to a large degree, of measures taken by the RSFSR Council of Ministers with regard to increasing the responsibility of the RSFSR Ministry of Consumer Services, the Councils of Ministers of the autonomous republics, the kray and oblast ispolkoms. A reduction has also occurred throughout the system of the RSFSR Ministry of Consumer Services as a whole.

The output of items in small batches is still significant with regard to the basic types of services (sewing clothes and shoes, knitted goods, making furniture) and exceeds the amounts recommended by RSFSR Gosplan and the RSFSR Ministry of Consumer Services. In a number of places their proportion within the volumes of services amounts for various types to 30--40 percent and

more (in Yaroslavl Oblast for sewing shoes it amounts to 46.2 percent, in Astrakhan Oblast--44.2 percent, while for knitted goods in Astrakhan--48.9 percent, and in Ivanovo Oblast--46 percent). Certain furniture, knitted-goods, and footwear associations in the Bashkir ASSR deliver to the rayon administrations for sales in rural localities predominantly items in small batches, thereby making up for their shortages regarding individual orders.

The above-indicated items continue to be turned out in volumes which do not correspond to public demand, and they are of poor quality. Moreover, analogous items but in better models, fashions, and other consumer characteristics do exist in trade. As a result, there occurs an overstock of slow-moving items and losses of receipts at consumer-service enterprises. On the whole, for enterprises operating under the new conditions reserve supplies of unsold items in small batches for the first six months of 1985 rose by 5.4 percent (up to 31.4 million rubles). These supplies are particularly great at the enterprises of Altay Kray, Saratov and Kemerovo Oblasts.

Taking into consideration the fact that such items are produced as goods for the purpose of guiding the service enterprises toward individual orders from the public, it would be feasible to examine the question of excluding them from the volumes of services paid for by the public. They have already had such experience in the Latvian SSR.

Enterprises have been granted the right to expand the list of services carried out for an organization and to include them in the total volume. Inasmuch as it the principal indicator used for awarding bonuses for the results of economic activity, such a procedure is insufficiently motivating for achieving an outstripping development of individual services to the public. Thus, in the Bashkir ASSR and Saratov Oblast the volume of consumer services to the public has increased additionally by means of expanding the indicated list of services for enterprises by 2.6 and 3.3 million rubles respectively, whereas growth in the volume of services paid for by the public has been restrained in comparison with growth in the total volume of services to the public.

It should be made more precisely clear that it is possible to expand the list of the indicated services for enterprises without harm to the individual orders only during the period of their seasonal decline, as well as to place greater stress within the system of awarding bonuses on the indicator of the volume of services paid for by the public.

By the conditions of the experiment major changes of principle have been introduced into the financial mechanism proper for administering consumer services, changes which are different, to a large extent, from the changes made in industry and in other sectors. Within the system of consumer service to the public enterprises and associations now themselves approve the plan for profits. They have been freed from paying fees for assets. Budget accounts are conducted in accordance with the norms from the over-all profits and are centralized by the ministries of the autonomous republics as well as by the kray or oblast administrations. In accordance with the norms, enterprises deduct and contribute a part of the profits to the higher organs; only the following two funds are created from the profits--the production fund and the fund for social development and incentives.

These changes are directed at strengthening the principle of cost accounting within the system of controlling finances, developing them further at both the primary and secondary levels of administration, at forming large territorial, production-management complexes within the consumer-service system.

So far it has been difficult to evaluate the importance of excluding profits from the number of approved indicators. Now it is being used as a calculating indicator and in this capacity is taken into consideration in the state plan for economic and social development, whereas later it will be included within the plan's indicators for the RSFSR Ministry of Consumer Services and subsequently for the ministries of the autonomous republics, kray and oblast administrations, associations, and enterprises. Consequently, it has not been excluded from the number of indicators being taken into consideration in the plans, and this undoubtedly is correct. Because, of course, profits constitute the most important source of revenues for economic units as well as for the state, while payments from it to the budget--even under the new conditions--comprise one of the basic indicators being approved. In this connection, the economic units have maintained their former attitude toward profits, all the more so in that their growth is taken into account in the indicators of socialist competition.

At the same time practical difficulties arise in connection with bringing to the ministries and administrations plan payments out of the profits being provided for (approved) with regard to the budgets of an autonomous republic, kray, or oblast, inasmuch as the profits are established for themselves by the enterprises, administrations, and ministries. Thus, in the plan itself a lack of coordination can already arise between the interconnected indicators and the lack of assurance with regard to the planned payments being made into the budget. Moreover, profits are neither a fund-forming indicator nor a condition for awarding bonuses for results achieved. Consequently, profits are not directly connected with the procedure and the amounts of the bonuses, all the more so in that every enterprise always has funds for paying out bonuses. Furthermore, the bonuses to the principal part of the employees, with the exception of the administrative apparatus, are paid out of the wage fund. Profits have an effect on the incentives fund, although not always as a source. Because of its insufficient amounts with respect to enterprises as a whole under the conditions of the experiment, during the first 6 months supplementary contributions to the incentives fund were reduced by 4.1 million rubles (about 14 percent of the entire sum deducted).

Under the new procedure forming and utilizing the funds for production and social development depend upon the magnitude of the remaining profits during their distribution. From this a determination is made of the size of the funds to be directed at reimbursing the planned outlays of the economic units. Therefore, it is more advantageous for them to have as much profits as possible, including those in the plan. Thus, under the conditions of the experiment, the importance of profits, although of different values, is retained on the whole.

The new system of distributing profits is very promising. It has allowed us to radically simplify the process of drawing up the financial plans and, at the same time, to strengthen the principles of cost accounting, having raised

the responsibility of the economic units for financial results. Profits are distributed in the following manner: to the budget (according to the norm), to the incentive fund (according to the norms from the increase in the volumes of services paid for by the public and taking into account the indicators of service quality), as well as to the fund for production and social development. Obviously there is no need at present at the upper levels of administration to calculate every type of outlay to be covered from the fund for production and social development and other sources of their own. Budget allotments should be made only in cases where low-profit and planned-loss enterprises have insufficient funds of their own, and also for centralized capital investments or some kinds of specific articles which determine the characteristics of the sector's development.

Such experience in drawing up the financial plans of the ministries of autonomous republics, kray and oblast administrations is now having an effect in the RSFSR Ministry of Finance. In 1985 the estimated balance sheets for income and expenditures were brought to them in a simplified form. In the expenditure portion, for example, out of 15--16 indicators (articles) only 6--7 were allotted. When a plan for 1986 was drawn up along these lines, a further step was taken--with regard to the system of the RSFSR Ministry of Consumer Services only a balance of reciprocal relations was specified with the budget (payments to the budget and budgetary allotments). This very same procedure has likewise been adopted with respect to the ministries of the autonomous republics, the kray and oblast administrations, i.e., the financial plan is even not being brought to them by design. As indicators by way of departure points they are informed of the profits, the limit of capital investments, taken into account or established in the state plan for economic and state development, and the incentive fund.

The given procedure fully corresponds to the principles of cost accounting; it allows the enterprises themselves to determine expenditures by means of their own resources. Moreover, the balance sheet of income and expenditures is not being done away with; it must be drawn up by enterprises on the basis of deduced, approved, and calculated indicators as an accounting and control document and reported to the higher-ranking organs.

During the course of the experiment check-ups were also carried out on the new forms of inter-relationships between the economic units and the budget as well as among themselves. The complete elimination of payments for the funds and the establishment of a single kind of payment to the budget from the profits (in accordance with the norm) has simplified not merely the system of calculations but also that of providing incentives. Enterprises have a firm knowledge regarding how much of the balance-sheet profits will remain at their disposal. This was not the case at all when there were two norms (payment for the funds and from the calculated profits), when the total of the profits being transferred to the state and that remaining in the economic unit abruptly used to change from quarter to quarter, in the plan and in the accounting report.

Furthermore, the economic effect of the payment for the funds in the consumer-service enterprises was not great. It did not used to be established for many of them because of the rather low profitability or rate of loss, whereas the

portion of the payment for the funds within the payments to the budget as a whole with regard to enterprises which had been converted to the new conditions amounted to approximately 15 percent.

Introduction at the middle level of consumer-service administration--ministries, kray and oblast administrations--of a centralized procedure for keeping accounts with the budget in combination with the new system of reciprocal relations between them and the associations and enterprises on a normative basis ensures a stable and, on the whole, up-to-date influx of funds which are due to the state. At the same time this allows us to take into consideration the cost-accounting interests and responsibility of the primary unit. Associations and enterprises transfer funds to the higher-ranking organizations, including those funds for keeping accounts with the budget, not in firm sums of the plan but rather in accordance with stable norms from the the actual profits received. In this case, the working capital of the economic units is not affected, but in order to increase their motivation and the responsibility of the ministry, administrations can utilize the centralized funds for incentives, production, and social development. To a certain extent, the centralized funds guarantee the fulfillment of the obligations to the state, inasmuch as the monies in them are transferred after deductions to the budget in accordance with the norms.

The above-indicated procedure facilitates the formation on the scale of the appropriate territory (autonomous republic, kray, or oblast) of integrated, large production-economic complexes, which have large financial resources at their disposal along with sufficiently broad possibilities for switching them about, and a concentration upon the most important lines of developing consumer services. This has also been provided for by the conditions of the experiment along with the dissemination to the ministries, kray, and oblast administrations of the rights and obligations of republican industrial associations.

The characteristics of the structural organization of the consumer-service administration in the localities--with a large number of small production units --inevitably pose the question of the need for a considerable accumulation of financial resources at the level of ministries and administrations as large economic complexes. There are 2,400 such units with the rights of enterprises in the RSFSR through those enterprises operating under the new conditions. On an average each of them makes a profit of 150,000 rubles a year, while contributions to the fund for production and social development (from profits and amortization) amount to approximately 80,000 rubles a year. This brings about a high level of centralization of funds being received by the enterprises, the ministries and administrations, above all, with regard to the fund for production and social development. For example, in Astrakhan Oblast it comes to almost 60 percent (with regard to the given fund), in the Bashkir ASSR--64.4 percent, and in the Komi ASSR--36.2 percent.

Accounting data and the materials which have come from the localities testify that the monies of the given fund for the development of production with regard to capital investments are being utilized more actively. During the first 6 months of 1985 as much was spent for this purpose in the Bashkir ASSR as for all of 1984; in Astrakhan Oblast the monies of this fund have been fully

utilized in the plan totals. At the same time in Kemerovo and Ivanovo Oblasts, where the level of centralization of the monies of the fund for production and social development is lower (28.3 and 24 percent respectively), the monies provided for this purpose are used to the extent of 26.7 percent and 58.3 percent respectively, including only 9.8 percent and 6.7 percent respectively for centralized capital investments.

A great deal here, of course, depends not only on the possibilities for mobilizing monetary resources but also on organizing the work of the administrations, associations, and enterprises, as well as the local organs, and the RSFSR Ministry of Consumer Services.

In a number of instances the ministries, kray, and oblast administrations, in establishing the norms for the deductions from the profits of associations and enterprises, are still not sufficiently taking into account their cost-accounting interests under the new conditions of management, particularly with regard to rayon production administrations. In some of them essentially all profits are withdrawn except for monies being channeled into their own incentive fund and into minimal current expenditures. Such norms have been established in Ivanovo, Yaroslavl, and Smolensk Oblasts, as well as in the Komi ASSR. This, understandably, reduces their motivation, and sometimes even deprives them of the opportunity of independently deciding questions involving the technical development of production as well as satisfying the social, everyday needs of the employees. Taking into consideration the need to centralize a significant portion of the funds, the ministries and the administrations, nevertheless, must leave at the disposal of the enterprises a portion of the monies of the fund for production and social development sufficient for the above-indicated purpose. Obviously there should be a determination in the methodological documents of the limits on the amounts of centralizing the monies of this fund, as is done with regard to the incentive fund.

Stemming from the conditions of the experiment is an intensification of the principles of self-financing on the scale of ministries, kray and oblast administrations, for which purpose the appropriate prerequisites have been created (an independent determination of profits, the principal part of intra-economic expenditures, etc.), i.e., the zone of centralized regulation is sharply reduced. At the same time, the budgetary financing of certain types of the sector's expenditures is being retained (compensations for low-profit and planned-loss economic units, targeted privileges and pay-outs for employees, etc.). Under such conditions, in our opinion, it is necessary to have a system of guaranteed accounts with the state.

The conditions of the experiment do not provide for direct, operative levers for improving the use of working capital, drawing items of material value into economic circulation to the maximum degree possible, or speeding up the turnover rate. Despite the measures which were taken to "unload goods" during the preparatory period (the widespread clearance sale of materials, marking them down, etc.), the increase of goods and materials at many enterprises has outstripped the increase in the volume of services. On the whole, with regard to all enterprises operating under the new conditions, the turnover rate of working capital for the first half of 1985 slowed down by 6.5 days, at a time when a 2.8-day speed-up had been assigned; 62.2 million rubles were diverted from

economic circulation. It is feasible to take into account the turnover rate of working capital in the indicators used to evaluate the results of economic activity for the purpose of awarding bonuses to the leading employees, as well as the services and sub-divisions of enterprises and administrations (ministries).

The results of the experiment in the system of consumer services to the public --an experiment conducted during the period 1984-1985 in the Russian Federation--have shown considerable potential possibilities lying at the foundation of the new economic mechanism; they have helped us to determine the basic directions for improving the system of administering consumer services, as adopted for the 12th Five-Year Plan. Complete and comprehensive implementation of the outlined measures will allow us to achieve significant improvement in services to the public, satisfying its needs for consumer services, as provided for by the recently approved Comprehensive Program for Developing the Production of Consumer Goods and Services for the Years 1986-1990 and to the Year 2000. But in order to achieve this, persistent work is necessary by the consumer-service enterprises and other related organizations.

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PERSONAL INCOME AND SAVINGS

CHILDREN'S FINANCIAL DEPENDENCY ON PARENTS CENSURED

Guidelines to Aid Problem

Moscow SOVETSKAYA KULTURA in Russian 14 Sep 85 p 8

[Article by Dalila Akivis: "A 5.0 in Getting Money"]

[Excerpts] As always, the principle "Never take anything on credit" deserves respect. But it is obvious that its role is declining, both economically and morally. Trade on credit has become part of our lives. Cooperative housing construction is being developed: one takes a loan from the government and pays it off over a 25-year period. And beginning on 1 January 1986, a new system goes into effect which makes it easier for young people without money to enter a cooperative--they have less ready cash, more credit and at the same time easy terms for repayment. In actuality all of this speaks of cardinal changes in life. Both society and individual citizens have somewhat more than they absolutely need; and if these surpluses are just deposited somewhere as dead freight, they do no one any good. One cannot but be concerned with the moral that we are allowed to spend today not only that which we have earned the day before, but also that which we will earn tomorrow. For young people this is especially significant.

But it seems to me that this new lifestyle also requires its own principles, its everyday rules and moral postulates. One must know how to live with debts just like living without debts. And at present there are a lot of ambiguities.

How are our debt obligations formulated? How are they worked off? How are both aspects interpreted psychologically?

If one grasps the idea of debt, and one is constantly reminded of it, like one grasps an illness--if one dares not even think about spending until one settles accounts with the person who has lent the money, this becomes a reliable regulator which ensures not only peace of mind, but also a stable household. The disposable part of one's budget over a fixed period is balanced with one's income, and it does not turn out that in a fervor of aquisitiveness one "picks up" more than one can repay. And so the question is: what should play the role of such a regulator in our times, when living on credit is becoming more and more widespread and sanctioned by society? What will help us maintain order in financial affairs and the discipline necessary to meet the demands of probity?

I didn't find any ready answers. And therefore I propose that we look for them together, and share our observations and everyday experiences. And in order to have a starting point, here are a few of the simplest, most basic questions, concerning this "sore spot" in our domestic economy:

1. Do you keep a list of your expenditures? Does this help you avoid domestic "financial crises"?
2. What sort of economical and rational methods for maintaining a household budget can you recommend to other families?
3. What forms of rendering material assistance to a young family seems the most proper to you from an economic and moral point of view?
4. Are you able to live without debts? What does this require? What hinders this?

And so, I await your letters. And then together we shall once again examine this topic, which is important to us all.

Responses to Readers' Comments

Moscow SOVETSKAYA KULTURA in Russian 5 Dec 85 p 6

[Article by Dalila Akivis: "Whose Purse?"]

[Excerpts] Should parents give material assistance to their grown children who have their own families? This was the third question in a questionnaire presented to our readers on 14 September in the article, "A 5.0 in Getting Money."

"One must take the attitude toward all young families that they must be fully aware of their responsibilities to the future of our society. They must not be given any material assistance whatsoever. Aiding young families develops helplessness in them, and makes them dependent. On the contrary, if there is no assistance, this will force them to work on themselves, to increase their business acumen, and develop their willpower and their self-confidence." (Engineer S., from Leningrad)

"How can one not help them? If they are students, they are totally dependent on their parents. And the pay scale for young specialists does not make them any more independent--We all know what sort of wages they get!"
(T. Volkova, Moscow)

And so, they must be helped; and they must not be helped under any circumstances. And the bitterness of the arguments complicates the matter of shedding light on the urgency of the necessity to find a common denominator

and work out a uniform position which applies to everyone. But this is not one of those questions of which one can sagely remark that there are, as they say, as many opinions as there are heads. Here everything requires strict definition. If one side is correct, it means the other is making a terrible mistake.

Our task therefore becomes more complex: not only to record the fact that there are different points of view, but to decide which is preferable.

To temper the young people; to give them the ability to grapple with the difficulties of life and overcome them--this is beyond doubt a very attractive position. Moreover, the arguments of the authors of this group of letters are well-founded.

"The word 'assistance' itself is somehow unattractive. It seems no more attractive to get used to being a dependent from one's youth. Before starting a family, one must consider one's material resources and not just love. But certain young people don't even want to ask. They think their parents are obliged to help." (K. Tokareva, Azov, Rostov Oblast)

"It's shameful for children to take from their elders! To be saddled with kids and with their relatives to boot, the in-laws, is a disgrace!" (Rovnina, Moscow)

"It's up to us as parents to bring up our children in such a way that there are no "immature" young families. Or else they'll never grow up, even when they get grey hair. How often have you heard of children helping their parents? We are even embarrassed to think of this! But you'll hear as much as you want about 'material assistance to young families.' From the moral point of view this won't do, if there are no exceptional circumstances such as illness, misfortune and so on. It's paradoxical that 'generous' parents often complain about the thanklessness of the 'kids,' who are more 'stingy' than they." (Yu. Ptitsa, a worker from Moscow)

I don't know if you'll agree with me, but each of these letters read by itself seems more convincing than when put together with the rest--although ideally the reverse would be true. And here's why: All of the letters speak not only of grown and working children, but of children who have themselves acquired a family. This is very typical of the present lifestyle. Until he or she gets married, the child of yesterday--even if he works for a long time and makes very decent wages, can live as long as he wishes in his parents' household, with the rights of a young person, one who is looked after, making a purely symbolic contribution to the common budget, and enjoying all the benefits of the family as an equal. This seems natural: We are a family! But after the wedding the situation changes radically; it

is as if the appearance of this "stranger"--the son-in-law or the bride--changes the relationship of the parents even with their own child. Both in an economic and in a psychological manner, a "we" and "you" appears. The very tone of the letters reflects a kind of tension, and alienation...

Perhaps this is natural, and inevitable? True, at the present time, many hold such firm convictions. But it would be useful, I believe, to bear in mind that it did not appear all that long ago. I've been personally acquainted with families consisting of three or four generations, which thought and felt that they were all one family. The household was run jointly, and everyone contributed his own share to the common kettle--more or less depending on his ability; and it was precisely in this that one saw the justice in it. Moreover, time did not stand still; the older generation grew older; the younger matured and became more secure in their positions; and therefore the redistribution of the economic burden in the family was a continuing process, but it was smooth and harmonious--from the moment when a person supported his dependents to the time when he himself became a dependent. The question of whether it was moral or not to give assistance simply never came up; with such a state of affairs how could one determine who's helping whom?

Such model family relations have had their time. But we must remember them, in order that the present isolation of the generations does not appear to be something inevitable, inherently characteristic of family relationships per se.

"Material assistance to young families must be based on sensible considerations. Only not money! But a gift--and we must agree that it is Badly Needed (sic; both words with capital letters in original--D.A.), and that this gift should not hurt the one doing the giving." (V. Rovnina)

"Young people must understand what part of their budget is contributed by the parents. It is better and more useful to help them in something major than with trifles. Otherwise they won't remember and won't appreciate it." (T. Volkova)

"When my son got married, he was helped with gifts, useful gifts for the home, for his future family. And that's the kind of gifts given on holidays too: bed linens, dishes, things to wear. This is the most proper kind of assistance--the young people not only get what they need, they get pleasure as well, and they remember that it is truly a gift. But if you constantly give them a little money, it will seem that you haven't given them much, and they will never feel gratitude toward their parents. And that is not at all proper, since PARENTS ARE IN NO WAY OBLIGATED TO GIVE THEM A THING." (L. Kasyanova)

When a family breaks up, the alimony is by law calculated right down to the penny. When under sad circumstances the parents' property becomes a legacy, it is by law argued down to the trifles, to whom and in what portions it is passed. But you see while we are alive, healthy, and well-off we shirk off the necessity of defining and comprehending our financial and material relations. We've trained ourselves in the conviction that to speak about money, or to clarify all of these mercantile questions is tacky, crude, and not intelligent.

Once they used to say, you give your son a share; and you give your daughter a trousseau. Probably we should have other words and other forms. And they should in general quietly become part of our lives. Someone should purchase life insurance for the children, and someone should open a special account for them in the savings bank. We have made fun of our lack of habit--"You'll pardon me, but he hasn't even been potty-trained yet and you're already saving money for his wedding." But time goes by so fast. And one cannot stress too much the respect one should give to this ability to recognize that you are not only raising a child, but a future husband, a future bride--which one should consciously prepare for his or her future independence, but at the same time without straining (And this is the most important aspect from a moral perspective!).

"Can a person really be a assiduous manager of our social wealth, who has not learned from childhood the habits of elementary financial standards, who cannot compare the family's capabilities with his desire to acquire something? We must speak of our children taking part in the family's financial matters; of how to nurture a feeling of thrift in them, respect for a hard-earned kopeck, be it their own or someone else's.

Inviting the children to take an equal role in the family's economic concerns should best be started no later than the 4th or 5th grade. Of course it is a lot easier for the parents to divide the money themselves, without the help of the children, and to plan for the most important expenditures. But how else can one explain to a growing person that everything he needs does not fall from the sky?

Here are the most typical questions which concern our children's participation in the family's financial life:

The problem of pocket money. I think that children should have it. Not only the money which they spend for lunch, but also money which they always have with them. Then the school children will have the opportunity to buy something for the family when it's convenient, and to display their initiative.

If the children go to the store (and many are given this task), you should not count the change to the last kopeck. On the contrary, you should stress that you trust them: 'Just put the change on the table, son.' This is better than micro-management, and it teaches the traits of a future master of the house.

And what should you do if your son spends a large sum, without asking; large by his standards--say 5-7 rubles? Curse? I think it would be better to explain that because of this unplanned expense, the family will be forced to do without something.

Adolescents often talk about their desire to get a job, in order to buy themselves a costly item, a tape player, for example. What the heck, let him find out what it's like to earn the money! But in this case also, from my point of view it is better to put his earnings into the overall budget, and give him money from it to buy the tape player."

(V. Golovachev, Mogilev Oblast)

The author of this letter, an experienced teacher, does not use the term "financial standards" [kultura] loosely. If monetary relations in a family are well-thought out, clear and harmonious; if everyone thinks of himself as part of the family--then the branching-off of the young family will take place easily and painlessly, and they will master their new economic roles without tension; the feeling of oneness will not be destroyed; and hurts and complaints will not arise. And this is no doubt a correct conclusion. The separation of the grown children is one of those examinations with which life tests the reliability of family economics. And according to how it takes place, it becomes clear whether we have lived and are living well and properly.

9006
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PERSONAL INCOME AND SAVINGS

FINANCING OF NONPRODUCTIVE SPHERE EXAMINED

Moscow FINANSY SSSR in Russian No 12, Dec 85 pp 42-47

[Article by G.B. Polyak, cand. econ. sci., section chief at NIFI (Scientific Research Institute of Finance): "Questions of the Financial Support of the Socio-Domestic Infrastructure"]

[Text] With the expansion of the socio-domestic infrastructure, the important national economic problem of raising the level of development of social production is being solved. In turn, a number of factors affect its expansion, including: the availability to the state of the necessary resources; means of getting them to the consumer; and bureaucratic and territorial interests in the allocation of resources and methods of coordinating these interests.

Socialist ownership of the means of production permits the state to concentrate in its hands the fund of financial resources, which are in turn distributed to a number of special-purpose funds. In order for the state to carry out the tasks for creating favorable living conditions for the populace, a portion of the total volume of financial resources is set aside; this fund can be arbitrarily called the fund for the financial support of the socio-domestic infrastructure. This fund is designated for financing the enterprises, organizations and establishments which provide socio-cultural, municipal, domestic, and trade services.

The problems of the financial support of the socio-domestic infrastructure should be examined at the very stage of distribution of the state's financial resources from general revenues for the two basic purposes of their use: financing the expansion of accumulative production, and financing measures connected with satisfying the socio-cultural and municipal-domestic needs of the populace. The distribution of the state's financial resources between these two purposes of use, and the fund for financial support of the socio-domestic infrastructure itself, must be examined within the framework of the distributive relationships of a socialist society. At the same time one should keep in mind the quantitative and the qualitative aspects of distribution. The first is connected with the volume of the fund of financial resources slated for the development and maintenance of the socio-domestic infrastructure; and the second, with the principles and channels for the distribution of this fund.

The development of the productive forces and the distributive process are closely associated. The extensive and intensive paths for economic development have a significant influence on the distribution of resources between the productive and the nonproductive spheres. For many years our economy was basically developed extensively, because it was necessary to rapidly increase the country's productive potential. However, this emergency measure led to lags in the development in the sphere of services, as compared with the sphere of material production. The economic and social losses due to the poor development of the former are rather significant.

Practical experience in recent decades has shown that new industrial construction, which is not reinforced by socio-cultural, housing and municipal construction, not only does not provide the anticipated economic effect, but leads to significant losses due to rapid cadre turnover, nonassimilation of capacities, a low return on capital investments, and so on. And conversely, in those regions and at those enterprises where serious attention is devoted to the development of the socio-domestic infrastructure, the economic and social effect is achieved.

One of the most significant features of the contemporary stage of economic development of our country is the transition to intensification of the national economy. Intensification of the economy introduces significant adjustments to the distributive relationships. With an increase in labor productivity in the sphere of material production, greater possibilities are opened for releasing workers for the nonproductive sphere. From 1965 through 1983, the proportion of the able-bodied population employed in the nonproductive sphere increased from 20.2 to 26.6 percent.

Thus, to the extent that intensification is achieved in the sphere of material production, there is less need to increase the capacities of the enterprises by means of their extensive development. At the same time, there is an increase in the volume of additional production both taken as a whole and per individual worker in this sphere, which in turn permits increasing the proportion of additional production which is used for the development of the nonproductive sphere. For the period indicated, the fixed capital of the nonproductive sphere grew from 241 to 689 billion rubles.

The influence of the extensive and intensive methods of development on distributive relationships can be traced in the dynamics of distribution of capital investments in the basic branches of the national economy. Of the total volume of capital investments, the portion of the funds directed toward industrial development, where the highest level of intensification is achieved, has stabilized in the past three five-year plans. In the 8th Five Year Plan it amounted to 35.2 percent; in the 9th, 35 percent; in the 10th, 35.3 percent; and in 1983, 35.3 percent.

However, in other branches of material production, which require expanded capacities, the proportion of capital investments allocated to them is increasing. The necessity for accelerated rates of development of agriculture and resolving on this basis the Food Program, was one of the reasons for the significant increase in capital investments in this branch.

Nevertheless the process of intensification of the entire national economy is accompanied by a decrease in that portion of the overall volume of the state's financial resources directed toward the expansion of production. Whereas in the 9th Five Year Plan it equalled 65 percent, in the 11th Five Year Plan it should amount to 63 percent.

The distribution of investments bears witness to the trend noted in recent years toward increasing the amount of resources directed toward developing the socio-domestic infrastructure. Whereas in the 10th Five Year Plan the proportion of capital investments in the nonproductive sphere amounted to 28.4 percent of the overall volume of investments in the national economy, in 1983 it increased to 29.3 percent. Thus, an increase is being observed in that portion of the overall volume of the state's financial resources going to financial support of the socio-domestic infrastructure.

This permits drawing the conclusion that, with increased intensification in the branches of the national economy, that portion of the resources in the savings fund of the national income directed toward industrial reconstruction should increase, and the proportion of the resources directed toward the growth of nonproduction assets will increase as well. At the same time the share of the overall volume of capital investments in the national economy invested in the socio-domestic infrastructure can be significantly increased in the near future.

This increase is a manifestation of a number of economic laws of socialism. Actually, in accordance with the operation of the law of growth of labor productivity, the volume of the national income increases; and in this connection, an ever-increasing portion of the growth of the national income is directed toward increasing national welfare. And on the basis of the law of consistent proportional development, a great deal of proportionality is achieved in the development of the productive and the nonproductive spheres.

We shall now examine the qualitative aspect of the distribution of financial resources to the socio-domestic infrastructure. It is connected with the principles of distribution of the fund for financial support of the socio-domestic infrastructure and with the channels for bringing the resources to the consumers. Distribution of these resources also interacts with the development of social production.

The development of the productive forces is accomplished both by branches and by regions. Therefore, the distribution of the end results of production, the surplus and the necessary product as well (and it is namely these which are the source of financial support of the services sphere) must also be accomplished by branches and regions. Thereby, the use of the two principles for the distribution of the fund for the financial support of the socio-domestic infrastructure--the branch and territorial principles--is predetermined.

The branch principle for distribution of financial resources is utilized for allocation of funds for the ministries, departments and their subordinate enterprises within the framework of the industrial assignments they are to complete, and for providing their workers with the necessary volume of

socio-domestic services. In accordance with the territorial principle, funds for the socio-domestic infrastructure are allocated by the territorial directive and executive organs (councils of ministers of union and autonomous republics, executive committees of local soviets of people's deputies). At the same time the tasks are pursued for developing the administrative and territorial units, and providing to their residents the services of the enterprises and establishments of the socio-domestic infrastructure.

The application of these principles in socialist economics in turn determines the availability of the two channels for the financial support of the services sphere: the territorial--along the lines of territorial directive and executive organs, and the departmental--along the lines of the branch organs. The use of the given principles and channels for distribution of assets was not identical, which was brought about by the various problems facing the country at certain stages of its development. One of the reasons for the use of the branch principle for distribution of resources and the departmental channel for financial support of the socio-domestic infrastructure is the inadequate level of development of the construction base of the local soviets.

The extensive path is associated with new construction, opening up territories and providing facilities for them. In these circumstances, using the departmental channel is the most effective means of assimilating the resources for the socio-domestic infrastructure: resources are allocated to the departments which possess the construction capacities needed to set up, along with the industrial projects, the enterprises and establishments of services sphere. In this manner, new enterprises were set up along with a socio-domestic services complex both in the old cities and in all the new populated areas which have sprung up since the Great October Socialist Revolution. The socio-domestic infrastructure in them was subordinate to the department, and was financed through departmental channels.

Cities and settlements in newly-opened territories are set up in a similar manner. As a result, a portion of the facilities in the socio-cultural infrastructure are still under departmental subordination. At the present time 59 percent of the housing area, 34 percent of the capacities of the water and sewage facilities, 20 percent of the laundry capacities, and 28 percent of the total number of hotel rooms are under departmental subordination. As a large number of branches are involved in opening up new territories, they provide the facilities in them and strengthen the material and financial base of the local soviets; the facilities in the socio-domestic infrastructure are then gradually transferred to the local soviets and are financed through local budgets.

To a certain extent the departmental channel for financing the socio-domestic infrastructure will be utilized in connection with the intensive development of the economy as well. The reason for this is found in the specific peculiarities of development of certain branches of the national economy. For example, the development of certain kinds of mineral resources is connected with the use of shift-work methods. Naturally, in such circumstances, the infrastructure can only be departmental. The necessity to

enlist labor resources for branches with specific or difficult working conditions also requires offering the workers special living conditions, which also leads to establishing a departmental infrastructure.

The departmental channel for financial support to the services sphere is also brought about by the fact that in a socialist society there are several types of economic interests, including the collective interest. As S.A. Sitaryan, corresponding-member of the USSR Academy of Sciences noted, "The collective economic interest, naturally, has more to it than the individual interest. It is displayed not only in the form of the material needs of the workers, but also in the form of the industrial needs of the entire collective, and represents a specific interest, which organically combines in itself both the material needs of the workers, and the industrial needs of a given collective of workers."* Thus, part of the collective material needs are the needs of the labor collective in developing a collective socio-domestic infrastructure.

Departmental financing of the infrastructure is also connected with the existing economic mechanism. In accordance with the law of distribution according to labor and in order to strengthen the collective interests, the workers at enterprises and economic organizations are offered the right to set up economic incentive funds, to include a fund for socio-cultural measures and housing construction. The assets of the latter are one of the sources of financial support of the socio-domestic infrastructure. From 1970 through 1983, the volume of assets of this fund at state enterprises and organizations increased from 3.9 to 10.2 billion rubles.

One would think that the fund for socio-cultural measures and housing construction will continue to grow, considering the importance of the tasks for increasing labor productivity, and increasing the material interests of the labor collectives and of individual workers in the decentralized funds for social needs. This is precisely the purpose of Decree No 669 of the CPSU Central Committee and USSR Council of Ministers of 12 July 1985, "On the wide dissemination of new methods of management and strengthening their influences on accelerating scientific-technical progress."

In order to increase intensification of production and strengthen collective interests, it is expedient to expand the collective use of the assets of the material incentive fund; to direct a portion of these assets to the fund for socio-cultural measures and housing construction; and to increase through the use of this fund the construction of facilities for the socio-domestic infrastructure. In the future part of the financial support of the socio-domestic infrastructure will continue to be implemented through departmental channels. At the same time one cannot but admit that in spite of the objective necessity of the departmental path of developing the infrastructure and the departmental channel for financing it, this method has obvious shortcomings. Allocating general state revenues among many ministries and departments leads to frittering them away. Setting up in the same territory

* S.A. Sitaryan, "Raspredelitelnyye otnosheniya i effektivnost proizvodstva" [Distributive Relationships and Production Effectiveness], Moscow, Finansy, 1980, pp 20-21.

facilities for the services sphere, subordinate to different departments, makes it difficult to coordinate their efforts for solving social problems. This leads to ineffective use of the facilities which have been set up in the infrastructure and reduces the expected economic and social effect of the assets invested, and thus causes increased demand for resources for the further development of the socio-domestic infrastructure.

From the economic and social points of view, it would be more acceptable to utilize the territorial principle of distribution of resources for the development of the socio-domestic infrastructure and provide financial support for it along the lines of the territorial directive and executive organs. The use of this principle is dictated by the basic economic law of socialism, which envisages an undeviating increase in the welfare of the country's entire population, and not only that portion which is employed in the sphere of material production; and also by the law of consistent, proportional development, which determines the development of all administrative-territorial units. In accordance with this law the populations of all regions are provided with the necessary socio-domestic infrastructure regardless of whether their economic potential is developed or not.

The territorial path for developing the socio-domestic infrastructure corresponds more closely with the intensive method of development of the national economy. Intensification is connected with reducing the volume of new construction, and with the requirement to make better use of the existing economic potential. Actually, to the extent that new territories are opened up and the cities are filled with industrial facilities, the need for establishing new workplaces and expanding the departmental channels for financial support of the socio-domestic infrastructure declines. In addition, as a rule, the enterprises of more than one department are developed in the cities. At the same time every enterprise, while setting up socio-domestic facilities, increases the parallelism in the development of the infrastructure.

All of this brings about the need to support it. By now, the material base of the local soviets is being strengthened, and they are increasingly assuming responsibility for the development of the services spheres on departmental territories. The enterprises are gradually starting to transfer the facilities of the socio-domestic infrastructure to the administration of the local soviets, which promotes improved management and development of the infrastructure itself. Thus, the development of the infrastructure is bowing to the general economic laws, in accordance with which the development of productive forces is proceeding in the direction of concentration and specialization of production; that is, the process of concentration and specialization is also entering the services sphere.

On the basis of these economic prerequisites, the management of the socio-economic infrastructure should be to the maximum extent concentrated in a single center. In populated places, the local soviets of people's deputies are becoming such a center. The local soviets are the sole territorial organs superior to the departments which can solve this task in the regions.

The organizational and legal capabilities of the local soviets for developing the socio-domestic infrastructure are defined in the Constitution of the USSR. In the establishing clause of the Constitution which defines the rights of the local soviets (Article 146), it is established that they solve all questions of local significance which proceed from the overall interests of the state and the interests of the citizens who live on their territory.

The CPSU Central Committee decree, "On Measures for Further Improving the Work of the Rayon and City Councils of the Workers' Deputies," and the decree of the USSR Council of Ministers issued on its basis, "On measures for Strengthening the Material-Financial Base of the Ispolkoms of Rayon and City Councils of the Workers' Deputies" (1971), established the premise that it is expedient to transfer to city and rayon subordination the enterprises, organizations and establishments which serve primarily the population of a given rayon or city. Thus the necessity was recognized to concentrate the socio-domestic infrastructure under the supervision of the local soviets.

The rights of the local soviets were expanded in a very significant manner by the decree of the CPSU Central Committee, Presidium of the USSR Supreme Soviet, and USSR Council of Ministers, "On Further Increasing the Role of the Councils of the People's Deputies in Economic Construction" (1981), the primary goal of which was expanding the coordinating and controlling functions of the local soviets, and beefing up their influence on increasing the effectiveness of the work of the associations and enterprises situated on their territory.

For the first time the local soviets were granted the right to include in their plans for the development of administrative-territorial units the indicators of the plans presented by enterprises subordinate to higher authorities, situated on their territory, necessary to support the overall economic and social development of the territories. It was established that enterprises subordinate to union and republic-level authorities, prior to submitting draft plans and suggestions for changes to these plans to higher authorities, must submit these plans to the local soviets for examination; for example, plans on questions of production of consumer goods, or on socio-cultural, domestic, and other services to the populace.

In accordance with the decree of the CPSU Central Committee and USSR Council of Ministers, "On Further Improving the Planning for the Overall Economic and Social Development of the Cities of Moscow and Leningrad" (1983), the executive committees of these cities have been granted broader rights: the right to determine by themselves the directions for use of capital investments according to the sectors of the municipality; the right to enlist in terms of partial participation (with the consent of the labor collectives) assets from the fund for socio-cultural measures and housing construction in these cities for construction of housing and projects for cultural and domestic purposes, and others. It is stipulated that, after this experiment is studied, it will probably be disseminated to all remaining populated areas of the country.

At present about three-fourths of all the financial resources of the state directed toward the socio-cultural infrastructure are distributed in accordance with the territorial principle and through territorial channels -that is, through regional budgets (republic or local). At the same time it must be stressed that the significance of the territorial channel for distributing resources is growing. For example, whereas in 1975 its proportion in state expenditures for socio-cultural measures was 78.9 percent, in 1983 it was 80.3 percent.

The primary goal of the expenditures accomplished through regional budgets for the socio-domestic infrastructure is--increasing the material and cultural level of the lives of the people. Owing to these appropriations, the real income of the population of our country is growing. Budgeted expenditures for socio-cultural measures are the financial guarantee of the constitutional rights of the Soviet citizens to receive a free education, medical services and other privileged and free services, as well as the right to social security in old age and when one loses the ability to work.

In connection with the presence of two channels for the distribution of financial resources for the socio-domestic infrastructure, it is appropriate to examine the questions of the expedience and the possibilities of combining them. From analysis of the functioning of these two channels, one can conclude that it is hardly realistic to eliminate one of the two channels for distribution of resources. But one can obviously pose the question of changing the correlation of the resources distributed by means of these channels.

The general direction of development of the economy is--intensification. Proceeding from the trend for reducing new industrial construction and reducing the rates of expansion of the number of workplaces, it is legitimate to pose questions on reducing the financial resources allocated to departments from the budget for the development of the socio-domestic infrastructure, and on reorienting to the maximum the distribution of the state's financial resources for these purposes through territorial channels.

But the development of the departmental socio-domestic infrastructure should be implemented primarily by virtue of the funds for socio-cultural measures and housing construction. In order to increase intensification of production and strengthen the collective interest, it is necessary to expand the collective use of the assets of the material incentive funds, directing part of them to the funds for socio-cultural measures and housing construction; and to expand on the basis of these funds the construction of facilities in the socio-domestic infrastructure. In order to correlate branch and territorial interests and make more rational use of the assets of the funds for socio-cultural measures and housing construction, and especially those of small enterprises, it is necessary to expand the rights and capabilities of the local soviets to combine the indicated resources and material support for the purpose of building projects for public use.

For this purpose it appears to be expedient first of all to set up in the cities, and especially in the major cities, consolidated financial accounts which would take into consideration the assets of the local soviets, departments and enterprises utilized for developing the infrastructure.

Secondly, it makes sense to establish a "fund for development of the local economy" in the cities, for which a separate bank account would be opened. The fund for development of the local economy could be formed by means of partial participation of the assets of the enterprises (funds for socio-cultural measures and housing construction, above-plan profits) and also the above-plan income in the local budgets.

The distributor of the fund for developing the local economy must be the ispolkom of the local soviet, which will coordinate its own activities on using the fund's assets with the joint social organs (councils made up of representatives of the enterprises). At the same time, the legal basis should be prepared for combining the assets of the local soviets and the enterprises. For this purpose it is necessary to draft a statute on the fund for the development of the local economy, in which the rights and responsibilities of the juridical persons taking part in creation and use of the fund are spelled out.

The organization of financial support for the socio-cultural infrastructure requires improvements not only at a regional and branch level. In connection with the fact that at the nationwide level planning and distribution of assets is accomplished via two channels--the branch and the territorial--here the development of the infrastructure is not given sufficient overall examination. As a result, one often observes disproportions in the development of certain sectors of the infrastructure itself. A typical example is the fact that the construction of housing is outstripping the growth in municipal facilities--which quite often holds up housing construction, and leads to ineffective use of the resources allocated for these purposes. Such examples can be found in other sectors of the infrastructure as well.

In order to overcome the shortcomings cited, it would appear to be expedient to develop the socio-domestic infrastructure and planning of financial resources for these purposes on a nationwide level, to examine in a comprehensive manner the separate parts of the plan for economic and social development, and to mark in the overall volume of financial resources the size of the financial resources for the socio-domestic infrastructure, both in toto and divided according to branch (health care, education, housing, municipal services, domestic services, and so on); and to do this in a similar manner in which measures are being planned for preserving the natural environment. Such an approach to planning and financial support of the socio-domestic infrastructure permits: providing a quantitative evaluation of the financial resources directed toward the development of the socio-domestic infrastructure; determining the position of these resources in the overall volume of the state's financial resources and their correlation with the assets directed toward the development of the sphere of material production; establishing a rational structure for the resources being utilized--that is, their proportional distribution among the branches of the infrastructure; examining questions of financing not only of separate branches of the infrastructure, but also questions of the overall development of the entire system of services; achieving more economical and more effective use of the assets and on this bases accelerating development of

the infrastructure and increasing the level of services to the populace; ensuring proportional development of both the branches which are part of the infrastructure, and the productive and nonproductive spheres; and coordinating nationwide, territorial and departmental interests.

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9006
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UTILIZATION OF FOODSTUFFS FOR TECHNOLOGICAL PURPOSES DEcriED

Moscow IZVESTIYA in Russian 27 Dec 85 p 2

[Article by V. Romanyuk: "A River of Oil With Banks of Starch; or, Why They Continue to Use Foodstuffs as Raw Material for Industrial Needs"]

[Text] In February 1982 IZVESTIYA published an article, "Where is the Vegetable Oil Going?" (No 33/34). The following figures were cited in the article: In 1981 700,000 tons of vegetable oil and 120,000 tons of dry starch were used for industrial needs.

I don't think that these figures will bore the readers; the products were taken from our tables. Just to ship such a quantity of vegetable oil would require 175 fully-loaded railroad trains, each one a kilometer in length. Truly it is a whole river of oil. With banks of starch...

Yes, but: that's the way it was at the beginning of the five-year-plan, the discerning reader notes. But now, one would think, the situation has been changed?

"It has been changed," assures the deputy chief of the department of trade resources and trade turnover, USSR Gosplan, R. Lokshin. "During the five-year plan consumption of oil for industrial needs was reduced by 100,000 tons. Nevertheless, natural resources must be freed from the demands of industry. Yes, as Aleksandr Nevsky used to say, "The mail shirt is too short."

"But why is the mail shirt too short?"

"Because substitutes for the oil are not produced in sufficient amounts. Synthetic fatty acids, for example, would be fine for these purposes; but the chemists are not only not increasing, they are actually decreasing their output. Look, for 1986 they are once again planning to reduce deliveries by 15,000 tons."

One would think that it would not be permitted that valuable raw materials--We're talking about food!--would go for industrial needs. Nevertheless, for the current year, orders for vegetable oil amount to a little under one million tons. The appetites of the bureaucracies, as we see, have not decreased but have actually increased! A fourth of this amount was ordered by the chemists. True, "pressing" orders on the part of the planning organs force them to seek out methods of covering the shortages by use of synthetic substitutes, or waste products. Previously they simply burned the wastes;

now they are starting to reprocess them. We stress: they are starting to. But what kind of resources are there? How many goods will continue to be consumed in the fire of mismanagement? There is no clarity on this account at Gosplan USSR, neither in the goods resources department, nor in the chemistry department. In terms of the possibilities for the branch to replace the use of natural raw materials for various kinds of technologies, the situation is the same.

But this kind of clarity is necessary. For example, the USSR Ministry of Ferrous Metallurgy was allocated 8,000 tons of vegetable oil for 1985--which is 600 tons greater than for 1981. On what basis? On the basis that two sheet metal mills for making tin plate were put into operation during the five-year plan, and the metallurgists have become accustomed to using vegetable oil in this technology. Petrochemical workers take in 17,000 tons of natural oil per year: two thirds goes for manufacturing lubricants; the remainder, for making tires and industrial rubber products. Moreover, the majority of this is cottonseed oil, which is widely used in foodstuffs.

At Gosplan USSR they insist that the majority of the oils and industrial fats used for industrial needs are far from being edible. It's true, that the planners exclude the food industry, perfume manufacturers, and similar branches which provide goods for the market. However, the 100,000 tons of vegetable oil which goes to manufacturing soap, is nevertheless not available for our tables.

Local industry is still a major consumer of natural raw materials. For the manufacture of drying oils and oil paste in the Russian Federation alone, 80,000 tons of vegetable oil is purchased from the populace; in the Ukraine, 20,000 tons; and in Belorussia, 5,000 tons. These uses are not taken into consideration in the raw material balance, but they are still real losses.

I've heard the opinion expressed more than once that, "They say vegetable oil is a renewable raw material; so why get worked up about it?" Such a viewpoint is truly remarkable.

Admittedly, in the Ministry of the Chemical Industry the ratio of consumption of vegetable oil per ton of paint and varnish production has declined since the beginning of the five-year plan; however even now it is still about twice as high as that of the USA. The chemists continue to use edible oils for the production of artificial fibres, resins, fibreglass, and synthetic textile materials.

If it were only the chemical workers! The petroleum workers can't seem to get along without oil either, for making latex and foam materials, lubricants, and additives; and the textile workers ask for it for lubricating their compounds, and for impregnating sackcloth; electrical equipment manufacturers want vegetable oil for making copper rods; furniture makers for making particle-board panels; the construction industry, for manufacturing industrial porcelain; and automobile manufacturers, for precision castings and press operations.

And so it goes, on and on. Producers of stearin and oleic acid--for which high-quality oil is used--continue to "devour" edible raw materials.

But then is there no other recourse? Of course there is! An example of what can be achieved with an enterprising approach to the matter is shown by the collective of the Cherkassy Chemical Production Association. During the years of the five-year plan, 42 new kinds of paint and laquer materials were put into production here--the first time in this country for 33 of them. At the same time the most valuable raw materials are being economized. For example, the new petroleum-polymer resin "piroplast-2" has freed up 25,000 tons of vegetable oil. For laquers required by the construction industry, consumption of oil has been reduced from 700 to 300 kg per ton of product. For the five-year plan as a whole, the Cherkassy chemical workers have freed up more than 100,000 tons of vegetable oil, the processing of which would have required 265,000 hectares of our finest cultivated lands.

"We could achieve more," says Z. Tsakhilov, Hero of Soviet Labor, director of the association. "We use a lot of vegetable oil for automobile enamels. A substitute was found long ago--phtalic anhydride. Six years ago we were allocated imported equipment costing 8.2 million rubles. There were plans to develop a capacity of 25,000 tons of products. However, for all these years the equipment has sat there as dead freight, and the Ministry of Industrial Construction has not yet begun work on the project. First-class paint and laquer materials could be derived from first-class synthetic materials. Not from food products! But we are forced to use that very oil."

We squander not only sunflower seed oil, but also edible starch. Food workers are still feeling the pinch: the overall shortage is just about equal to the volumes which are allocated for industrial purposes.

"When ministry representatives come to discuss our agreements--or more accurately, to push through their orders," says T. Kuzmina, department chief at Soyuzpishchepromsyrya [possibly, All Union Association for the Production of Raw Materials for the Food Industry], "we try to display firmness. We frankly state that, we'll give you starch for this, but for that we will will not: Use a substitute. Well, they kick up a fuss, we get a call from USSR Gosnab, and we are threatened with lags in all our products. And we are forced to give it to them..."

This year once again more than 113,000 tons of dry starch was directed to industrial needs. Almost one-third of this amount will go for finishing yarns, and an equal amount for manufacturing bonding materials--dikstrina [unknown]. The cellulose industry does not want to do without starch for glueing operations, for surface processing, or for thickening chalk overlay paste. The construction industry devours thousands of tons of starch and oil in the manufacture of asbestos-cement, fibrous gypsum, and gypsum panel construction, and for various kinds of plasters and finishing materials.

But what about substitutes? With the abundance of research projects which have been conducted and the workups which have been completed, the amount of materials introduced is more than modest. For example, the existing

technology for sizing cotton yarn through the use of synthetic and artificial polymers permits eliminating 80-85 percent of the food products, simplifying the manufacture of sizing, and reducing the consumption of bonding materials. However, work on substituting polymer materials for the starches is not going well. Few substitutes are manufactured, they are expensive, and moreover they themselves require the kinds of raw materials which are in short supply.

And they no longer even take into account the consumption of food products which would not fall into the category of short supply; for example, salts for the manufacture of chlorine and caustic sodas, although they could easily be replaced by the waste material from potassium production. In the very same manner, it would be possible to get along without the use of food sugar for the production of oxalic acid; or without the use of payable spirits, for the manufacture of food-preserving cans; or without milk, in the manufacture of glue. Various departments, and above all such major wasters of natural raw materials as the Ministry of the Chemical Industry, Ministry of the Petroleum Refining and Petrochemical Industry, and the Ministry of Light Industry have been given assignments to reduce the use of such kinds of irrational consumption. But if one takes a sober look at the volume after volume of projects and workups, one cannot help but notice that in many branches they are simply marking time.

Unfortunately, such misappropriation is even sanctioned by the standards. The arguments here are always the same: In a number of situations we are forced to make decisions on stretching out the effective periods of the standards for industrial production which uses edible raw materials...in order to not hold up production. The standard, while establishing the operating qualities, and taking note of the prospects for the product, prefers to concern itself with neither the technology nor the formulas. But it must do so. Even if a substitute is produced, it is not reflected in the standards.

But if not Gosstandart, who is formulating a strategy for freeing up natural edible raw materials from industrial use? With respect to natural fabrics, the Zamena [Substitute] Program is in force. Such a program is also needed for solving problems connected with freeing up edible raw materials--oil, starch, or milk... Everything that is grown in the fields or on the plantations should be used only for its main purpose--to satisfy the needs of the populace for foodstuffs. Any other use of edible raw materials is impermissible.

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FOOD PROCESSING AND DISTRIBUTION

INDUSTRIAL GROWTH OF REFRIGERATION TECHNOLOGY NOTED

Moscow PLANOVYE KHOZYAYSTVO in Russian No 1, Jan 86 pp 94-99

[Article by M. Ioffe, candidate in economic sciences: "Reserves in Refrigeration Management for Reducing Loss of Perishable Products"]

[Excerpts] The outline of the Basic Directions for Economic and Social Development of the USSR for 1986-1990 and for the Period to the Year 2000 stresses that the primary tasks of the agro-industrial complex are: to achieve stable growth in agricultural production, reliable provision of the country with food products and agricultural raw materials, and unification of efforts by all sectors of the complex for obtaining high end results in accordance with the USSR Food Program.

Among the specific measures for realizing these tasks, one of the most important is to eliminate the losses of agricultural products at all stages of their production and sale. Refrigeration management plays a large and ever-increasing role in solving the vital problems of increasing food resources and ensuring their preservation, of providing for growth in production and improvement in assortment of high quality perishable products, and of reducing their losses in the process of delivery to the consumer.

At the given stage of realization of the USSR Food Program, and in accordance with the outline of the Basic Directions for Economic and Social Development of the USSR for 1986-1990 and for the Period to the Year 2000, provision is made for "introducing the latest refrigeration technology at an accelerated rate and developing the refrigeration network."¹

A large-scale refrigeration management has been developed in our country. In the sectors of the agro-industrial complex (agriculture, sectors of the food industry and trade), there are over 3,300 refrigerators in operation, with an overall capacity of around 7 million tons. By absolute refrigerator capacity, the USSR currently ranks second in the world. Refrigeration management is an important component part of the third sphere of the agro-industrial complex. The portion of production funds and the number of personnel employed in refrigeration management in this sphere of the APK [agro-industrial complex] comprise 7.1 and 7 percent, respectively. Already today it not only fulfills

¹ PRAVDA, 1985, 9 November.

the role of a subsidiary production, engaging in the storage of perishable products, but also manufactures quick-frozen products (prepared meals, semi-processed foods, ice cream, fruits, berries and vegetables) which have a high biological value and which are in great public demand. Positive intrasectorial shifts are taking place in the structure of refrigeration management. In the last four five-year plans, a new specialized refrigeration sector has practically emerged for storage of fruit and vegetable products in cities and large industrial centers. The construction of refrigeration facilities at kolkhozes and sovkhozes is undergoing greater development. The technical supply of refrigeration management has improved through the introduction of modern machines and equipment at refrigeration enterprises. This has made it possible to intensify the processes of cooling, freezing and storing perishable products and reducing their losses.

The basic reasons for ineffective application of refrigeration capacities is the seasonal nature of production of perishable products, the nonuniform distribution of refrigeration facilities, and the unsatisfactory technical level of the latter, particularly in sectors processing agricultural products. The types of refrigerators used do not allow the widespread application of leading methods and means of mechanization and automation of cargo handling operations and transport-warehouse work. This makes it impossible to utilize the actual volumes of refrigeration containers in full measure. Due to the breakdown of thermoinsulation, which under prolonged application almost totally loses its properties, as well as the necessity of replacing it, many storage chambers stand idle. This problem is taking on particular significance today, since over 40 percent of the refrigerators currently in operation were built over two or three decades ago. Therefore, for the rapid increase in refrigeration containers and their more effective application, along with the construction of new refrigeration facilities it is also necessary to speed up the reconstruction and technical retooling of the existing ones on a current scientific-technical basis. This approach to the development of the country's refrigeration management fully corresponds to the outline of the Basic Directions for the Economic and Social Development of the USSR for 1986-1990 and for the Period to the Year 2000. Specifically, it provides for the concentration of material, financial and labor resources primarily on the technical retooling and reconstruction of existing enterprises and on the construction of facilities which determine scientific-technical progress and the solution of social problems.

Technical retooling, reconstruction and modernization of equipment in refrigeration management make it possible to significantly increase the effectiveness of application of refrigeration enterprises. This determines the need for solving the problems of their qualified servicing. At the same time, the country's refrigeration management is undergoing an acute need for qualified specialists capable of implementing on a high professional level the operation of refrigeration installations and equipment, particularly automated. Refrigeration enterprises located in places of production of perishable agricultural products are experiencing the greatest shortage in experienced specialists. The planning organs should provide for expanding the training of specialists on refrigeration installations at the professional-technical level, as well as at the country's secondary technical institutions and VUZes.

The lack of balance in plans for the construction of refrigerators in the meat and dairy industry and in trade leads to an increase in capital and operational expenditures and to intersectorial and intrasectorial disproportions. This is manifested in duplication of construction of production and distribution refrigeration facilities and in the underdevelopment of the technological structure of their refrigeration capacities. As a result, in individual economic regions, even with sufficient provision of refrigeration capacities, there are not enough freezers. The relationship of the refrigeration chambers with various temperatures does not always correspond to the temperature conditions necessary for the nomenclature of meat-dairy products coming to the refrigeration facilities. This leads to loss of the products. At the present time, a significant portion of the meat forwarded for industrial processing is stored in distribution refrigerators. This situation cannot be considered correct, since this increases the number of links in transport of the raw meat resources, while at the same time reducing the effectiveness of their storage.

The absence of integrated centralized planning and direction of refrigeration management leads to the situation whereby each ministry and department builds refrigeration facilities and develops a refrigeration network based on the interests of its own production. At the same time, the presence of already developed refrigeration capacities or the need for them are not considered. As a result, in some cities and industrial centers, several refrigeration facilities are often built by numerous departments on different territories, while their combined construction would reduce capital investments by 20 percent and would cut operational expenditures.

As a result, every department (farm) creates small enterprises which require large specific capital investments for their construction, and which are also distinguished by their relatively high level of expenditures during operation. Thus, the specific capital investments for the construction of a refrigerator with capacity of 100 tons comprise 571 rubles, and for a refrigerator with capacity of 3,000 tons--300 rubles. The power consumption computed per 1 ton of capacity for these refrigerators comprises 1,912 kW·hrs and 1,272 kW·hrs, respectively. At low capacity refrigeration facilities, the labor of only one-third the workers is mechanized, and the level of mechanization and automation of production processes fluctuates within the margins of 20-25 percent.

In connection with the resolution by the CPSU Central Committee and the USSR Council of Ministers entitled "On Further Improving the Management of the Agro-Industrial Complex", the okrug and rayon agro-industrial associations are currently being restructured. This restructuring will provide for their organizational strengthening as unified organs of territorial management of farms, organizations and enterprises which are part of the agro-industrial complex. This creates favorable possibilities for the comprehensive and balanced development of refrigeration management in regions which grow and produce agricultural products. Improving the territorial structure of the agro-industrial complex and developing the specialization and concentration of agricultural production on the basis of inter-farm cooperation and agro-industrial integration make it possible to implement centralized planning and

construction of inter-farm refrigeration facilities. Such refrigeration facilities may be built at agro-industrial associations by means of cooperative deductions from kolkhozes and sovkhozes and share contributions by processing enterprises. The construction of such refrigeration enterprises located in close proximity to the sources of the agricultural raw materials would make it possible to give them not only production, but also distributive functions by means of increasing their capacities and rational location. This means is most expedient for storing fruit and vegetable and livestock products.

One of the basic directions for saving resources, reducing losses, and improving the quality of perishable agricultural products is the development of the industrial production of quick-frozen products.

At the present time, the integrated scientific-technical target program entitled "Development of Production of Biologically Valuable Food Products on the Basis of Comprehensive Application of Raw Material and Reduction of its Losses" is being implemented. It provides for expanding the production of fast-frozen prepared food products, fruits, berries, vegetables, meat, dairy and fish semi-processed products; developing new assortments and technologies for their manufacture, packing, transport, storage and sale; developing and assimilating the series output of technological equipment, building and expanding existing specialized shops and plants for the output of fast-frozen products. However, the rate of realization of this program, particularly in the sphere of manufacturing technological equipment and developing specialized shops and plants, is still insufficient.

In the continuous refrigeration chain, which ensures the preservation of quality and reduction in losses of perishable products, an important role belongs to refrigeration transport. The level of its development and technical equipment, as well as the organization of its application, largely determine the uninterrupted supply of perishable products in the shortest possible time and without losses to the processing enterprises, refrigeration facilities, and into the trade network.

Refrigeration transport has become widespread in the last four five-year plans. However, the attained level of its development does not meet the needs of the national economy to the necessary degree. On the whole, for the present day there is no unified technical policy in the sphere of development of refrigeration transport and refrigeration management. Departmental barriers hinder the rational organization of transport of perishable products. The stages in the movement of these products, the application of mixed shipment using various types of transport, and the application of the most effective schemes of cargo handling operations have not been defined. Departmental disunity hinders the development of production and the introduction of isothermal containers which ensure the necessary temperature conditions for storage of perishable products during transport.

Despite the overall increase in the pool of rail and motor transport, its structure still does not correspond to the requirements of refrigeration management.

Refrigeration truck transport also comprises an important link in the system of perishable product shipment. However, at the present time, less than 10 percent of the refrigerated cargo is shipped by truck transport. The cost of truck transport is comparatively high. At the same time, the ultimate effectiveness of its application as a result of economy on preservation of the cargo comprises an average of 10 rubles per 1 ton of products. Therefore, the task consists of significantly increasing the output of refrigeration trucks of all types.

As a result of the insufficient rate of development in the production of specialized transport means in the automobile industry, many segments of the agro-industrial food complex are not sufficiently provided with refrigeration motor transport. Thus, the demand of fruit and vegetable associations for refrigeration trucks is only one-third satisfied, while the demand of consumer cooperative enterprises--only one-fifth satisfied. The USSR Ministry of Trade, RSFSR Minavtotrans [Ministry of Motor Transport] and others are experiencing a need for such transport. Most of the refrigeration trucks which are manufactured are not equipped with instruments for heating the products during the cold time of the year. As a result, the quality of transported cargo is reduced. In essence, today the automobile industry is working not toward the growth of the pool of large capacity refrigeration trucks, but toward replacement of vehicles which are wearing out. The need has arisen for the planning organs and the USSR Ministry of the Automotive Industry to examine the question of reorienting part of the capacities of the automotive industry toward the output of specialized transport in accordance with the demands presented by the Food Program.

Water transport, both river and seagoing, is of great importance for shipping perishable products. The cost of shipping cargo by river transport is 25-30 percent lower than by rail. The significance of river transport is most greatly felt in the Volga Basin and in Siberia. It plays a great role in shipping fruit and vegetable products, especially during the period of their mass supply to the country's consumer centers. In connection with this, the need arises for rapid construction of vegetable shipping vessels and for the operational introduction of riverside fruit and vegetable centers with docks and container areas. In 1984, special vegetable shipping vessels began to make regular runs. They have a system of refrigeration and ventilation, and higher speeds. They tied together the zones of mass production of vegetables and curcurbit cultures on the Lower Volga with the large industrial regions of the Center in the European part of the country.

The seagoing fleet plays a great role in transporting perishable products, especially imported ones. At the present time, seagoing vessels annually transport a large amount of fruits, vegetables, meat and other products. Along with increasing the provision of the seagoing fleet with the necessary number of refrigeration vessels, the solution of the problem of creating specialized complexes for handling perishable goods in the ports of the country's main marine basins--the Baltic, the Black Sea, and the Far Eastern--also takes on current importance. Another problem which must be solved is the equipment of vessels with large capacity refrigerator containers, which would make it possible to significantly reduce the cost of shipping the products, improve

their preservation, and reduce the need for labor resources engaged in cargo handling operations.

Air refrigeration transport utilizing natural cold is still not sufficiently developed. At the same time, the huge expanses of our country and the remoteness of regions producing perishable products from their point of consumption persistently demand its development. The transport of perishable products on dirigibles with cargo capacity of 300-500 tons and utilizing natural cold from the air for cooling seems rather promising.

At the present time, experience has already been accumulated in the centralization of control of refrigeration management in foreign countries, and primarily in the socialist countries. For example, in Hungary 65 percent of all refrigeration capacities are concentrated in an independent cost accounting association. This has made it possible to elevate Hungary's refrigeration management to a high technical and organizational level, ensuring the more effective application of the fixed capital of refrigeration enterprises due to the increased load capacity of refrigeration chambers and intensive development in the production of fast-frozen and refrigerated goods. Today, over 70 percent of all the country's refrigeration capacities are concentrated within the system of the agro-industrial complex. In connection with this, the need arises for centralization in the planning and control of refrigeration management within the framework of the USSR Gosagroprom [State Committee for the Agricultural Industry].

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